

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

1970

**Annual Report
United States Steel
Corporation**

CONFIDENTIAL

For release Tuesday

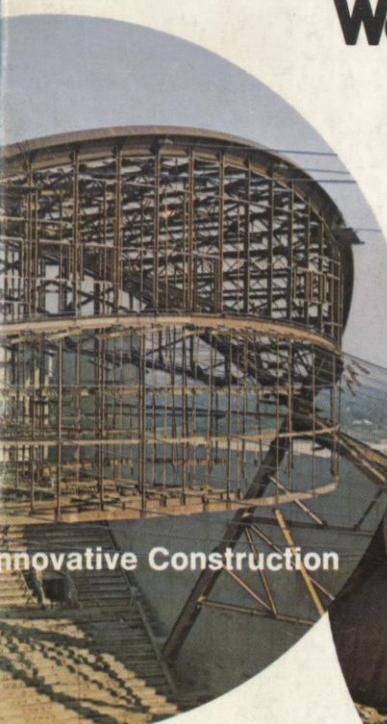
MARCH 16, 1971



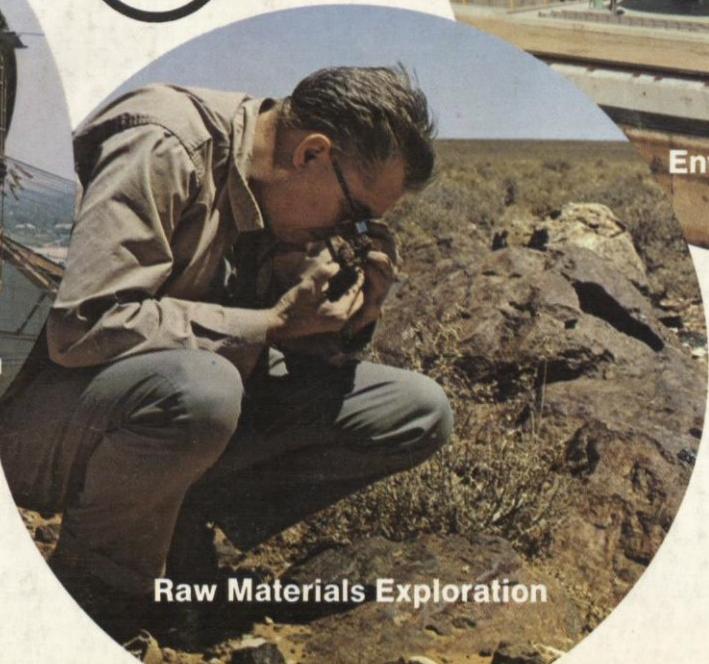
Job Training



Chemical Research



Innovative Construction



Raw Materials Exploration



Environmental Control

Sixty-ninth Annual Report

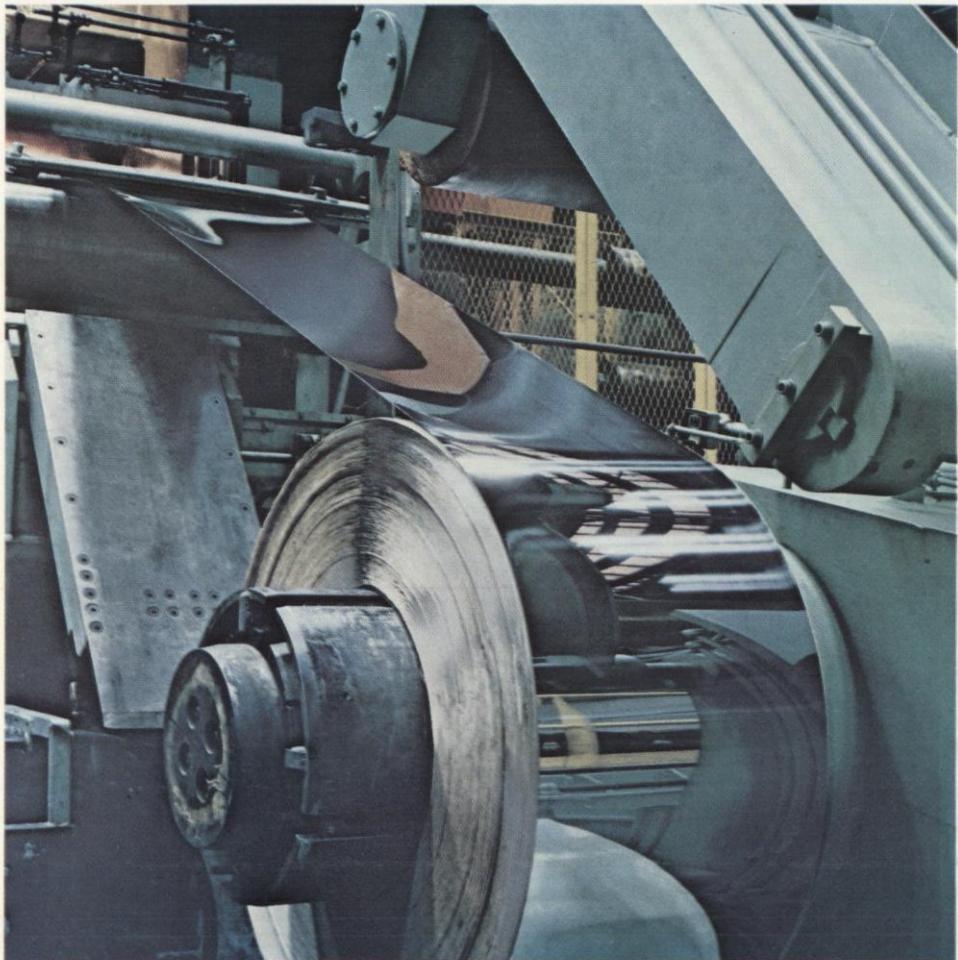
United States Steel Corporation

71 BROADWAY, NEW YORK, N. Y. 10006
600 GRANT STREET, PITTSBURGH, PA. 15230

Contents

1	At a Glance
2	Chairman's Report
4	Raw Materials Exploration and Development Accelerate
6	Raw Materials
9	Research
10	Steel Products and Services
10	Steel Sales and Shipments
11	Steel Facilities
12	Steel Markets
12	Fabricating Operations
14	Steel Service Centers
14	Steel Overseas
15	Chemicals and Plastics
16	Safeguarding the Environment Retains High Priority
18	Cement
19	Other Materials and Services
19	Housing and Real Estate
19	Financing Services
19	USS Engineers and Consultants, Inc.
21	Titanium
21	Of General Interest
21	Employment Matters
21	Personnel Development
22	Stockholders and Shares
23	Safety
23	Contributions
24	Hard Facts Facing Steel Wage Bargaining
26	Financial Statements
34	Combined Pension Trusts
36	Organization

In this Report, amounts in round numbers are approximate. "U. S. Steel" refers to parent corporation, subsidiaries, or both, as required by context. USS, RIBAND, SHADO-WAGON, UNADEEP (HSR), ATLAS M-X and ALSIDE are registered trademarks of U. S. Steel.



Receipts and Their Disposition in 1970

	Total Dollars in millions	Dollars per employee*	Dollars per man-hour*
Receipts from customers—the public	\$4,883.2	\$24,784	\$13.26
Disposed of as follows:			
Employment costs—U. S. Steel's direct employment	2,250.5	11,422	.61
Products and services bought—Provides employment by suppliers and by their suppliers in turn	1,969.1	9,994	.53
Wear and exhaustion—Provides employment by suppliers of new plants and equipment and by their suppliers in turn	296.5	1,505	.80
Taxes—Provides revenue for governments	153.1	777	.42
Interest—Compensation for savings loaned	66.5	337	.18
Dividends—Compensation for savings invested	130.0	660	.35
Income reinvested in business	17.5	89	.05
Total	\$4,883.2	\$24,784	\$13.26

* Excluding employes (1.8 percent of total) the cost of whose work was charged to construction.



The Year 1970 for U.S. Steel —At a Glance

		1970	1969
Sales	Amount	\$4,883.2 million	\$4,825.1 million
Income	Amount	\$ 147.5 million	\$ 217.2 million
	Per common share	\$ 2.72	\$ 4.01
	Return on sales	3.0 percent	4.5 percent
Dividends and Income Reinvested	Declared on common	\$ 130.0 million	\$ 129.8 million
	Per common share	\$ 2.40	\$ 2.40
	Income reinvested	\$ 17.5 million	\$ 87.4 million
Taxes	Amount	\$ 153.1 million	\$ 193.0 million
	Per common share	\$ 2.83	\$ 3.56
Steel Production and Shipments	Raw steel produced	31.4 million tons	34.7 million tons
	Percent of 1957-59 average	114.9	127.0
	Steel products shipped	21.0 million tons	22.4 million tons
Plant and Equipment Expenditures	Spent in year	\$ 514.5 million	\$ 601.8 million
	Authorized at year-end	\$1,050.0 million	\$ 930.0 million
Marketable Securities Held for Plant and Equipment Expenditures	At year-end	\$ 255.0 million	\$ 655.0 million
Working Capital	At year-end	\$ 697.2 million	\$ 533.6 million
Total Long-Term Debt	At year-end	\$1,436.8 million	\$1,465.4 million
Ownership—Stock and Income Reinvested	At year-end	\$3,450.1 million	\$3,432.6 million
Stockholders	Number	356,690	345,335
Employees	Average number for year	200,734	204,723
	Average hourly employment cost	\$ 6.11	\$ 5.72

THE 1971 ANNUAL STOCKHOLDERS' MEETING
will be held at Salt Lake City, Utah
in the Hotel Utah, Monday, May 3, 1971.

Chairman's Report



EDWIN H. GOTT
Chairman of the Board of Directors

U. S. Steel's income for 1970 was \$147.5 million, or \$2.72 per share of common stock, and a return of 3.0 percent on sales of \$4.9 billion. Income in 1969 was \$217.2 million, or \$4.01 per share. Although there were improvements in many areas of U. S. Steel's operations in 1970, income declined because of a number of factors which adversely affected our steel operations.

During the first half of the year, severe winter weather and related fuel shortages at several plants, a major equipment failure at our largest plant, and a steel truckers strike caused costly disruptions of operations. During the second half, the General Motors strike, the slowdown of the general economy and rising imports depressed the volume of steel shipments. There were price increases on the majority of steel products during the year, but they were not sufficient to improve our cost-price relationship because of the continuing increases in costs.

On the other hand, great strides were made in 1970 toward concluding the expanded program of capital spending for steel producing and finishing facilities. During the past five years we have spent \$2.8 billion for replacement, modernization and extension of plant and equipment, including \$514 million in 1970, and this has been largely for steel facilities. Many of the new steel facilities that we planned five years ago are now in place. Although it will be another year or two before some of the major units are fully operational, we are moving past the break-in stage on many others. Our job now is to obtain the volume required to utilize the full productive capabilities of all our facilities by participating fully in the growing markets for steel.

The prospect for future worldwide growth in steel has played an important part in our overall planning. World raw steel production is expected to approach one billion net tons by 1980—up about 50 percent over 1969. Underlying this growth are rising aspirations of people in every country and steel's essential role in achieving the economic well-being which provides the base for social gains.

Authorizations during 1970 for new plant and equipment projects totaled \$634 million. Over half of this amount was for projects to expand the output of iron ore and metallurgical coal, principally for outside sale. The growing demand for steelmaking raw materials offers an increasingly important source of profit. We have extensive reserves of these raw materials and are taking many steps to utilize them more fully—both for our own use and for sale throughout the world. We also have an active program, covering many areas of the world, for the exploration and development of new deposits of a wide variety of minerals. Several discoveries are under joint study and development with other companies.

We also are moving further into other markets which will utilize our total assets and technical knowledge more effectively. These include our chemicals and plastics operations, real estate development of newly-acquired and previously-owned properties, general financing and leasing businesses, as well as worldwide sale of a wide range of engineering and operating know-how.

During 1971, labor negotiations will be a matter of particular importance. The current three-year steel labor agreement is subject to termination on August 1, 1971, following termination earlier in the year of United Steelworkers of America contracts in the can, aluminum and copper industries. The steel negotiations are expected to cause an imbalance in steel shipments during the year—a particularly strong first half as customers build up strike-hedge inventories and a comparatively weak second half. Steelworker wages even now are among the highest

in American manufacturing, and the substantial gap between U.S. and foreign steel labor costs continues to widen. These and other hard facts facing steel bargaining are outlined on pages 24 and 25.

These negotiations will influence the pattern of steel imports during 1971 and the ability of American steel producers to compete with foreign steel both at home and abroad. The steel import problem continues to be fueled principally by the lower foreign labor costs and by the discriminatory trade policies of foreign governments. Thus, the conditions which made some form of continuing limitations on steel shipments into this country desirable at the beginning of 1969 are even more compelling today than they were then. The three-year voluntary limitation that principal foreign producers placed on their steel exports to the U.S. expires at the end of 1971, and it is essential to the entire steel industry that replacement solutions be worked out promptly by the U. S. Government.

Our attention also must continue to be focused on safeguarding the environment in all areas of our operations. We have been working on this for many years and have come a long way. Since 1950, about \$400 million has been spent or committed for pollution control facilities, with over half of this coming in the last five years alone. Solving certain problems that still remain will require more advances in technology, more time and more money. Although complete solutions are not instantly possible, we intend to fulfill our responsibilities in all areas and are confident that satisfactory solutions will be found.

Every business has its problems, and we have a full share. Among these are labor negotiations, the import problem, maximizing the productive efficiency of all our facilities, establishing and maintaining a more reasonable cost-price relationship, and gaining additional sales.

Every business also has its opportunities, and we believe ours for the 70's are great. With the skills, experience and creativity of our people, our new and more competitive facilities, our vast raw material reserves, and the extension of our activities to utilize all our resources more fully, we expect to participate profitably in the opportunities in the decade ahead.



Chairman, Board of Directors

February 23, 1971



(Left to right)
R. HEATH LARRY
Vice Chairman of Board of Directors
WILBERT A. WALKER
Chairman of the Finance Committee
EDGAR B. SPEER
President

Raw Materials Exploration and Development accelerate . . .



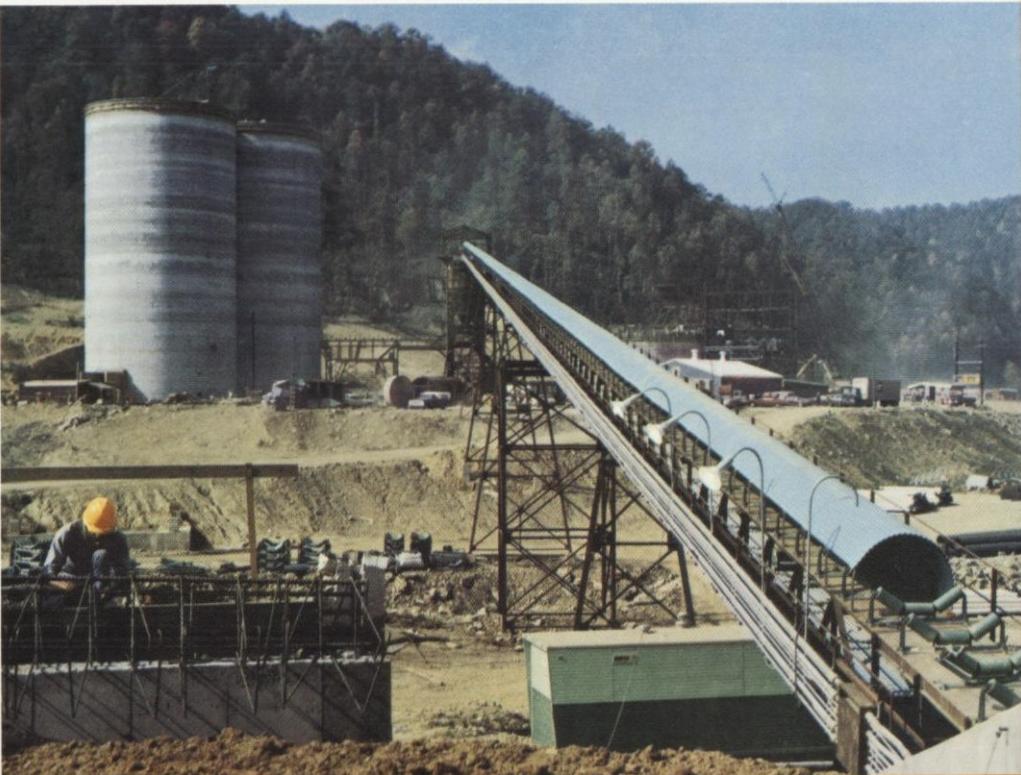
Raw materials activities begin with exploration. The search often is in remote areas such as this helicopter landing site in Brazil. Worldwide, we are exploring for iron, coal, lead, zinc, tin, manganese, nickel, chromium, copper, titanium minerals, cobalt, columbium, phosphate, fluorspar, uranium, platinum and sulphur.

U. S. Steel is rapidly expanding its far-flung raw materials exploration and development activities. Directly or in association with others, more than 90 sites are now under geological investigation in 27 countries on six continents. Depicted here are some of the major activities now under way to increase utilization of coal and iron ore reserves and to serve other raw materials markets better.

U. S. Steel estimates its domestic reserves of bituminous coal to be some three billion net tons—one of the largest such holdings by any company in the nation—and the majority of these reserves is metallurgical quality coal.

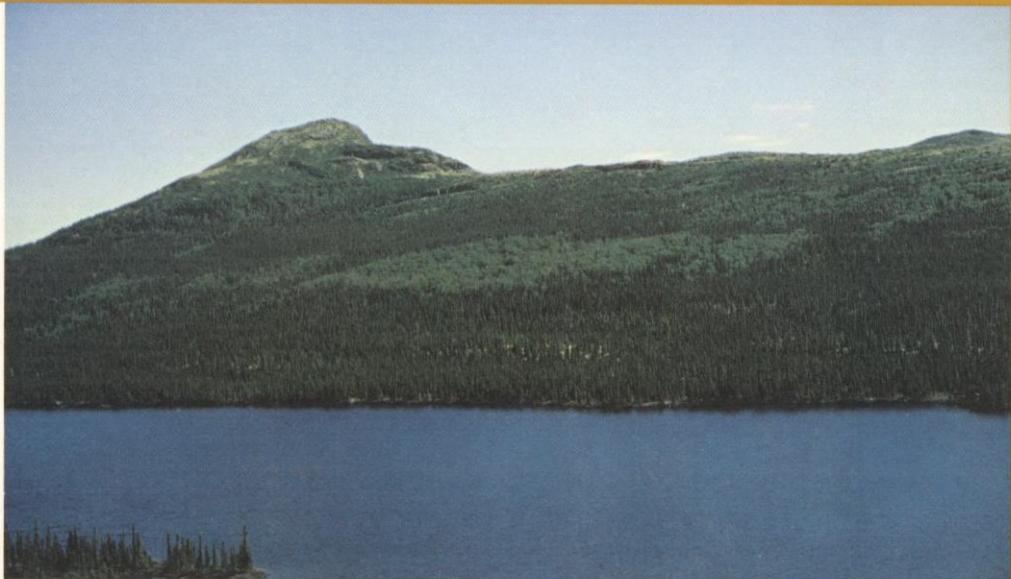
Extensive domestic iron ore reserves include approximately eight billion gross tons of magnetic type taconite ore in the Lake Superior region capable of being converted, by processes presently in commercial use, to over two and one-half billion gross tons of pellets. Reserves in Utah, Nevada and Wyoming are adequate to provide about 200 million tons of natural ores, iron ore concentrates and pellets.

U. S. Steel subsidiaries hold mining rights to iron ore reserves in Venezuela and Canada. The deposits in Venezuela contain about 800 million gross tons of natural ores. The deposits in the Province of Quebec, Canada contain proven reserves of low-grade iron ore equivalent to approximately 1.8 billion tons of recoverable high-grade concentrates.

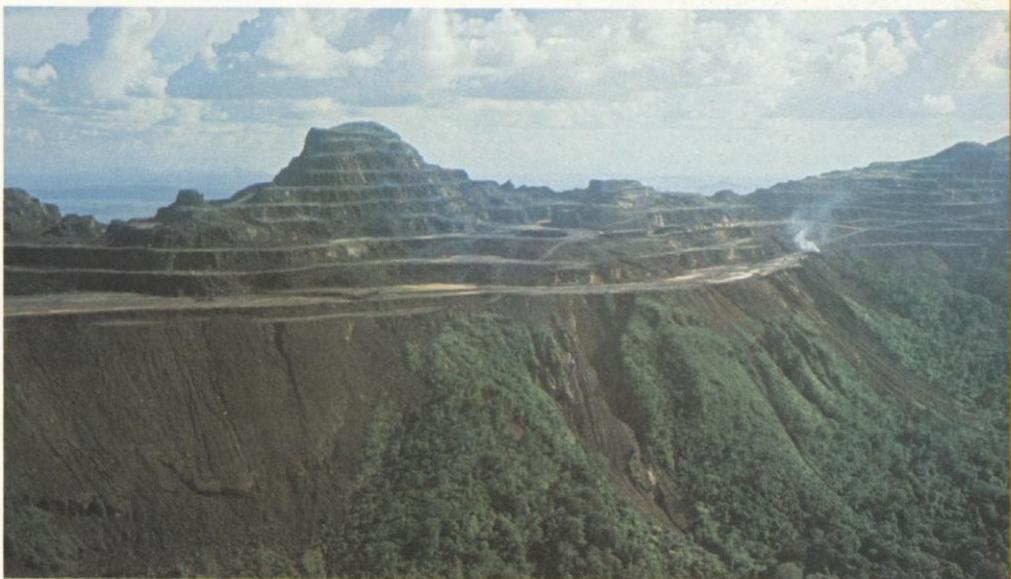




The fourth expansion in the last three years is under way at the manganese ore operations of Compagnie Minière de l'Ogooué (Comilog), a 49 percent owned company operating in the Republic of Gabon, Africa. By 1972, facilities will support annual sales of 2.2 million gross tons, an increase of nearly 40 percent over the 1970 level.



After economic feasibility of a raw material resource is proven, development can proceed—as in the Mt. Wright iron ore body, located about 70 air miles northeast of the present mine near Gagnon, Quebec. Work is now under way on construction of a temporary access road, clearing of a railroad right of way, extension of the existing railroad and further engineering design. By 1975, Mt. Wright is expected to have an annual capacity of 16 million gross tons of concentrates—about double our 1970 production in Canada.



The Cerro Bolívar operation in Venezuela has been producing iron ore since 1954. An expansion program now under study in Venezuela would increase iron ore shipping capacity to some 24 million gross tons annually. A new high-iron briquette plant having a planned annual capacity of up to one million tons is located near the iron ore shiploading facilities at Puerto Ordaz.

The final phase in developing a raw material resource is the construction of facilities such as this ultramodern coal mine and the preparation plant approaching completion in West Virginia. With an ultimate annual capacity of four million net tons, this mine will provide additional coal for outside sale and our own use.

Raw Materials



JOHN PUGSLEY, Executive
Vice President—International

Metallurgical coking coal production, which totaled 19.6 million net tons in 1970, is being expanded to increase the quantity for U. S. Steel's own use and for sale to others. In addition to the new mine and preparation plant in West Virginia, discussed on page 5, a coal mine and a preparation plant in West Virginia are being expanded, and engineering work is under way on the development of a new mine in Kentucky.

Limestone reserves have been developed over the years so that U. S. Steel has long been a major supplier to the iron and steel, chemical and cement industries. In 1970, limestone production totaled 28.1 million net tons, of which about half was sold and the balance used by U. S. Steel.

Iron ore mined during 1970 in all operations totaled 49.0 million gross tons. Nearly three fourths of this was for U. S. Steel's own use. Sales of 13.3 million tons to others were up 43 percent over 1969.

Shipments from domestic ore operations totaled 21.3 million gross tons in 1970, including 7.8 million tons of taconite pellets. An expansion, which will double the annual capacity of the taconite plant in Minnesota to 12 million tons of pellets, is expected to be completed in 1972.

In 1970, two wholly-owned subsidiaries—Orinoco Mining Company, which operates in Venezuela, and Quebec Cartier Mining Company in Canada—shipped 18.3 million and 8.9 million gross tons of iron ore, respectively, to their domestic and international customers, including U. S. Steel.

U. S. Steel and its subsidiary (Meridional) have a 49 percent interest in Amazonia Mineracao, S. A., a company formed in 1970 for possible development of extensive iron ore fields in the northern Brazilian state of Pará. Prospecting studies are under way. Drillings on a small portion of the area indicate reserves of at least 500 million tons having an iron content of 67 percent; ultimate reserves could be substantially more. Construction related to this development is anticipated after 1975, as the market may determine.

Manganese ore shipments from a 49 percent owned company (Comilog) operating in Gabon, Africa, were 1.6 million gross tons during 1970. This company's manganese mine is the largest in the free world and is being further expanded to support annual sales of 2.2 million tons by 1972. U. S. Steel's subsidiary (Meridional) in Brazil continued to ship manganese ore to local and overseas customers, including U. S. Steel.

U. S. Steel recently acquired a minority interest in Acieries de Paris et d'Outreau, a large French producer of ferromanganese. The company has two ferromanganese-producing plants and has announced plans to construct a third plant in the harbor area of Boulogne.

Zinc ore mining facilities at a 50 percent owned company (Mina Matilde) operating in Bolivia became fully operative in 1970—within 18 months of initial start-up. U. S. Steel's domestic production capability for zinc ore concentrates is at its highest level with the completion of a second expansion program within recent years at its mine in Tennessee.

Other mineral resources are being actively explored and developed in Africa. Africa Triangle, a South African company, in which U. S. Steel holds a 30 percent interest, is currently installing facilities for the mining of copper and zinc on a commercial scale at Prieska, some 400 miles southwest of Johannesburg. Indicated crude ore reserves are at least 47 million metric tons, averaging

3.87 percent zinc and 1.74 percent copper to a depth of 900 meters under the surface. The company is operating a pilot plant for the recovery of platinum from a mine northeast of Johannesburg and is prospecting for other minerals in large areas of South-West Africa and Botswana.

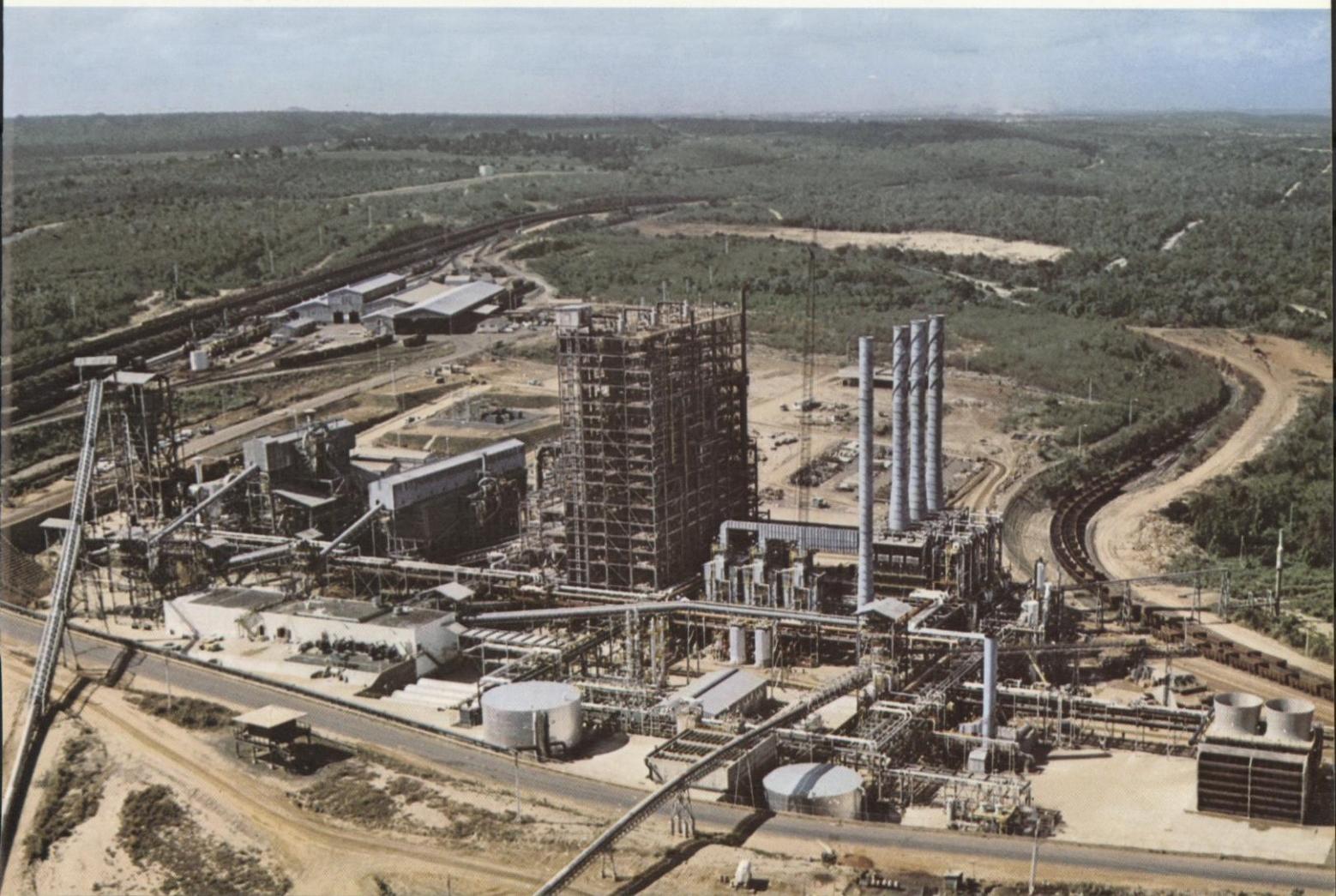
In southern Africa, U. S. Steel also has minority interests in Zeerust Chrome Mines, Ltd.—a producer of chrome ore with two mines—and in Feralloys, Ltd., a refiner of chrome and manganese ores with electric furnaces.

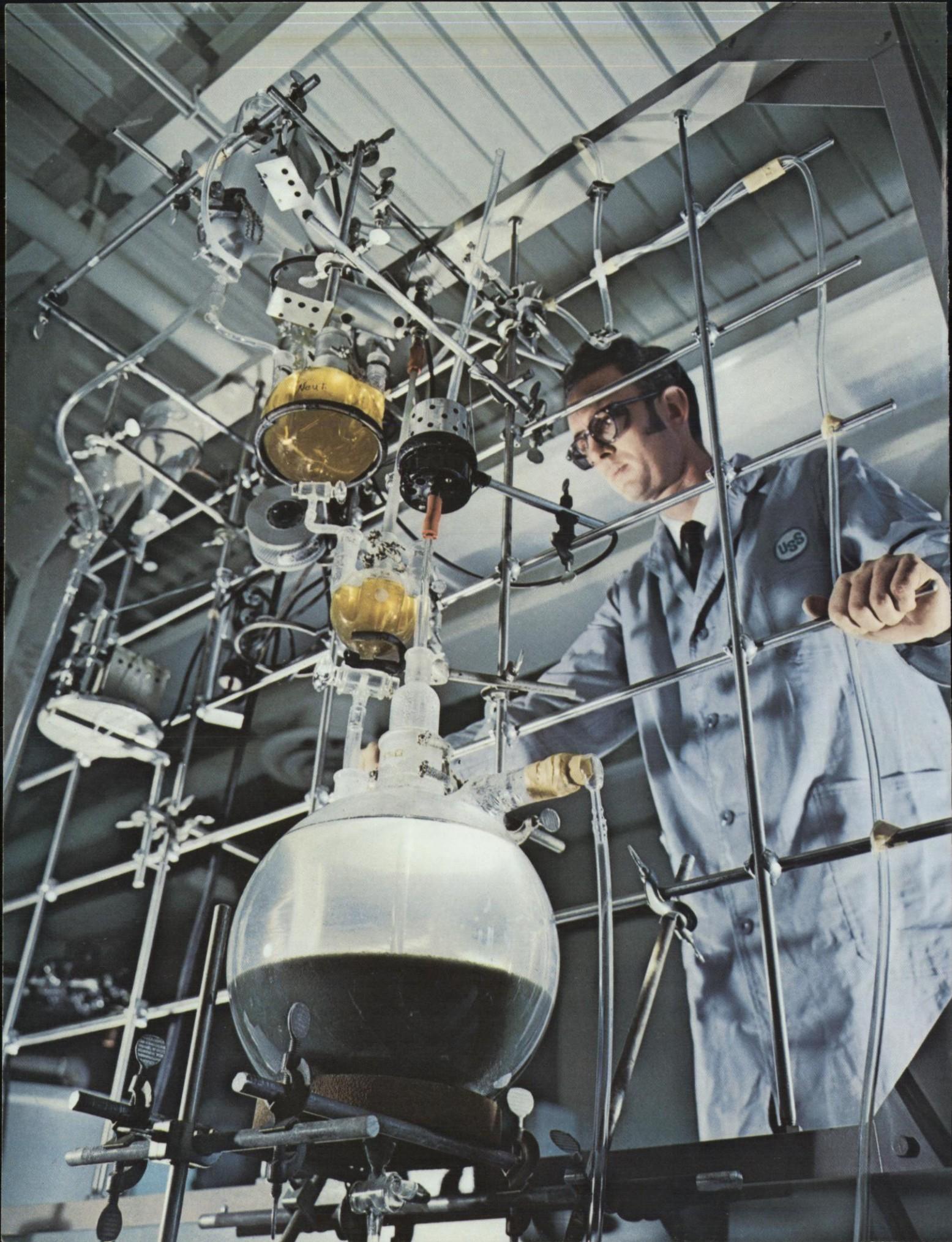
U. S. Steel has a 43 percent interest in a company (P.T. Pacific Nikkel Indonesia) having a contract of work with the Republic of Indonesia for exploration and mining of nickel-cobalt bearing ore deposits in that area.

In North America, promising mineral activities include drillings in the copper-bearing iron ore deposits in Lyon County, Nevada; investigation of low-grade copper occurrences in British Columbia, Canada and low-grade copper-nickel and base metal deposits in Minnesota; participation in two ventures to explore for radioactive and associated mineral deposits in Canada and in the Gulf Coast region of Texas; and a 30 percent interest in a venture to locate and develop deposits of lead, zinc and other base metals in Canada's Yukon Territory.

Timber resources owned by U. S. Steel provide part of the raw materials for Birmingham Forest Products, Inc., a company equally owned with U. S. Plywood-Champion Papers, Inc. In 1970, the company's plant near Cordova, Alabama, began production of plywood, pine and hardwood cut lumber, laminated decking and pulpwood chips.

The new plant in Venezuela for production of high-iron-content briquettes by a continuous, direct ore-reduction process developed by U. S. Steel research.





Research

With continuous casting of steel coming into its own in the 1960's, the continuous direct-reduction of iron ore as an alternate to ironmaking in conventional blast furnaces offers promise of becoming the next large-scale technological breakthrough in the 1970's.

Years of research at U. S. Steel's pilot plant installations have led to the development of a continuous, direct ore-reduction process that is being incorporated in the new high-iron briquette plant of a subsidiary in Venezuela. It will be the largest direct ore-reduction facility in the world. With recent technological advances, the process has the flexibility for producing briquettes of 86 percent iron content for use in blast furnaces or, at a lower production rate, briquettes of 92 percent iron content for use in steelmaking furnaces.

Research efforts to improve cokemaking technology are gaining new emphasis as a result of the limited availability both here and abroad of good coking coals and the growing shortage of coking capacity. U. S. Steel is vigorously pursuing development of a continuous coking technology as a means of achieving production of better coke, at higher production rates and with effective environmental controls. An experimental continuous rotary coke quenching (cooling) system being tested could achieve lower cokemaking costs and better ironmaking efficiency as well as more effective control of air and water quality by quenching the coke in a confined atmosphere. Preheated coal is being charged experimentally into pilot-sized coke ovens with the aim of reducing coking time and thereby increasing the effective coking capacity of existing ovens. More efficient methods are being developed for cleaning, pulverizing, and blending coals to permit economical use of certain coal reserves once considered unsuitable for producing high quality metallurgical coke.

In steel processing and finishing, our research efforts have two primary objectives: improving the quality and variety of our products and improving the efficiency and thus the profitability of our operations. While greatly improved results from our new facilities are being achieved in many ways, the development and installation of highly efficient quality control devices perhaps best illustrate how higher yields of more uniform, improved-quality products are being realized. Bars of precise dimensions are being produced with the aid of an infrared optical scanning instrument which continuously measures the bar diameter, thereby facilitating immediate mill corrections to control tolerances along the entire length of the bar.

An electromagnetic system—the first such quality control in this country—for detecting weld defects on continuous butt-weld pipe provides instantaneous quality checks at line speeds of 1,200 feet per minute and product temperatures of 2,000° F. The quality of continuously annealed (heat treated) steel strip has been substantially improved and production delays reduced by a patented control system that automatically adjusts line speeds for minute variations in strip thickness and temperature.

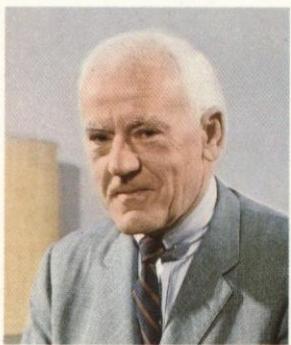
New products recently introduced include steel tubing and casing with the strength and impact properties required for arctic and subarctic oil fields. Another is hot rolled pickled sheets with a polymeric resin coating that doubles as corrosion protection during shipment and as a die lubricant in customers' press forming operations, thereby improving product quality and eliminating or reducing shop application of drawing compounds.



ARTHUR V. WIEBEL, Executive Vice President—Engineering and Research

Research study at the Monroeville Research Center to develop new and improved techniques for assuring effective control of water quality.

Steel Products and Services



JOHN E. ANGLE, Executive Vice President—Production

Steel Sales and Shipments

In 1970, the sale of steel products and related processing, fabricating and erection services generated 80.0 percent of our total revenues of \$4.9 billion, as compared with 86.3 percent only three years ago when total revenues were \$4.1 billion. Shipments of steel products in 1970 totaled 21.0 million net tons, compared with 22.4 million net tons in 1969. This lower shipment level was largely due to the automotive strike and to the general tone of the economy during the latter months of the year.

Steel industry shipments totaled 90.8 million tons in 1970, a drop of nearly 5 million tons from 1969 caused by a lower level of shipments to domestic steel customers. With steel demand in overseas markets continuing strong throughout much of the year, steel mill product exports increased 1.8 million tons to 7.1 million tons in 1970. Although imports of foreign steel mill products decreased 0.7 million tons to 13.4 million tons in 1970, they continued to take about 14 percent of the domestic market. Furthermore, there was greater concentration in the higher value products.

As was the case with most goods and services in the United States, prices for most steel products moved upward during the year. At the end of 1970, the Government's index of finished steel mill product prices was 123.8 (1957-59=100), or 6.2 percent higher than at the end of 1969. But increases over these years have not been sufficient to maintain the cost-price relationship in our steel operations because of continually rising costs of purchased goods and services, hourly employment costs, state and local taxes and interest.



Steel Facilities

The bulk of U. S. Steel's capital spending, under the enlarged facility program announced in 1965, has been for facilities to strengthen our competitive position in steel. This expanded program for steel facilities is nearly completed. Although it will be another year or two before some major units are fully operational, almost every area of our steel operations has now been substantially upgraded.

New mills were authorized to expand production of high-quality, light flat rolled products—hot and cold rolled sheets and strip, tinplate, galvanized sheets and other coated products and electrical sheets. This phase of the program is being concluded with a major cold rolled sheet expansion in the Pittsburgh area scheduled for completion in mid-1971. This project includes an 84-inch, 5-stand cold reduction mill, a temper mill, annealing equipment and a pickling line.

The year 1970 was highlighted by the start-up of Texas Works' plate mill, the expansion of bar mill operations and extensive construction of steelmaking and continuous casting units to support the many finishing facilities already added.

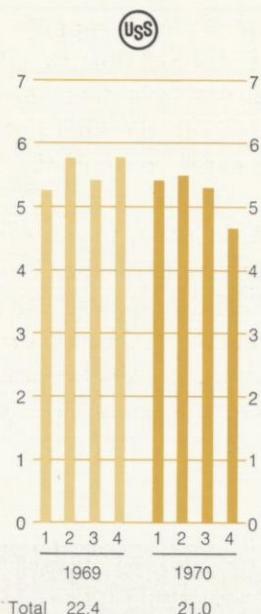
Four new bar mills in the Cleveland and Chicago areas will increase U. S. Steel's bar product capability by 1.3 million tons. Three of these mills are in operation, and the fourth is scheduled to start up in mid-1971. All four are ideally located to provide rapid delivery of bar products into the Great Lakes market, the nation's largest for bars. These new mills produce bars to close dimensional tolerances and with the uniformly superior surface quality so much in demand by customers. Collectively, the four mills can provide round bars in sizes ranging from $\frac{3}{8}$ of an inch to 4 inches in diameter; also a variety of other bar shapes such as squares, hexagons and flats can be produced.

Texas Works, located near Houston, is U. S. Steel's newest steel producing plant and greatly enhances our ability to serve the large and expanding plate markets in the Southwest. All major facilities presently authorized for this location are now in operation, including two 200-ton electric steelmaking furnaces, a single-strand continuous slab caster and the latest innovations in waste water treatment. Available in thicknesses up to 15 inches and in widths up to 150 inches, Texas Works' plates are used by customers to fabricate industrial machinery, storage tanks, pressure vessels, line pipe, railroad cars, ships and barges.

Another new continuous caster was put on stream at our Chicago steel plant early in 1971, and two new electric steelmaking furnaces will also soon be put into operation there. With the addition of this high-capacity, four-strand bloom and billet caster, U. S. Steel now has four continuous casters in operation. A fifth one—a dual-strand continuous bloom caster—and two 200-ton electric steelmaking furnaces are under construction at Fairless Works, near Philadelphia.

Another new basic oxygen process (BOP) steelmaking shop—a two-furnace unit in Lorain, Ohio—was recently put into operation. Four BOP shops are now in operation, and two more are under construction as further steps to replace old open hearth furnaces. A two-furnace BOP shop in the Pittsburgh area and a three-furnace BOP shop in the Chicago area are scheduled for completion in 1971 and 1972, respectively. When these two units are completed, U. S. Steel will be able to produce annually some 24 million tons of raw steel by the basic oxygen process—or about three fourths of the 1970 level of raw steel output. These facilities, as well as a new blast furnace recently put into operation in Chicago, all include effective equipment for protecting air and water quality.

Shipments of
Steel Products
1969-1970 BY QUARTERS
MILLIONS OF NET TONS



One of U. S. Steel's four new bar mills in the Great Lakes area, the nation's largest market for bars.

Steel Markets

Five domestic steel markets account for about 80 percent of U. S. Steel's shipments of steel mill products. Automotive and other transportation, construction including contractors' products, and steel service centers each take nearly 20 percent, while machinery and containers each take about 10 percent.

Providing effective design and engineering assistance to steel customers enables us to serve existing steel markets more effectively and to penetrate markets presently served by other materials. Following are some examples of how this service provides customers additional technical know-how for making more efficient applications of steel in their processes and products.

To assist automotive manufacturers in their efforts to improve highway safety, our design teams are working closely with them in developing and adopting new concepts for steering wheel, gas tank and bumper systems—each a sizable market for steel. A unique stamped steering wheel and hub, combined with a tubular column, provides an energy-absorbing steering wheel system that collapses upon impact in a controlled direction and at a controlled rate for added protection in high-speed collisions. A "no emission," safer fuel tank system utilizes a puncture-resistant, inner-sealing member which minimizes the danger of fuel leakage if the steel shell is damaged. The bumper system utilizes specially designed steel mounting brackets as a practical solution to the mounting repair costs caused by low-speed accidents. These low-cost, sacrificial steel mounts, which protect the bumper and adjacent sheet metal by absorbing the collision impact, can be quickly repaired or replaced.

A school bus body, offering more in passenger safety, was designed and engineered for a rapidly growing market in cooperation with a major manufacturer. Safety features include a window design which makes every window a safety exit; a strong, extra wide, impact protection belt around the entire passenger area; and a unique perimeter bumper system. Substantial production cost savings were also achieved through the use of a one-piece stamped flooring panel and long-length outer panels, adhesively bonded to a modular framing system.

The housing market, which is on the threshold of expected rapid growth, offers many opportunities for increased steel sales. In 1970, U. S. Steel began marketing five new steel joist floor-framing systems which were developed in cooperation with various builders. They are stronger, can be installed faster and can offer lower cost in place than wood framing. The new systems provide a quality floor with respect to sound transmission, resiliency and long-term performance—free of damage problems associated with wood. Variations of these systems can be used for single-family homes, town houses and low-rise garden apartments.

Steel framing for furniture, now under development with several manufacturers, offers another new market for steel as a replacement for wood. Some 300 commercially produced upholstered sofas with steel frames are currently being test-marketed with excellent results. Steel frames for reclining chairs, convertible sofas, dressers and buffets are in various stages of development.

Fabricating Operations

American Bridge Division, with ten fabricating plants located across the country, is one of the nation's leading builders of bridges and buildings. The division also produces pressure and storage vessels, culverts, line pipe, transmission



HENRY J. WALLACE, Executive
Vice President—Commercial

U.S. STEEL
COMMERCIAL
DIVISION
1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED STATES STEEL CORPORATION

AND ITS SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 1971

ANNUAL REPORT
TO THE STOCKHOLDERS

OF THE
UNITED

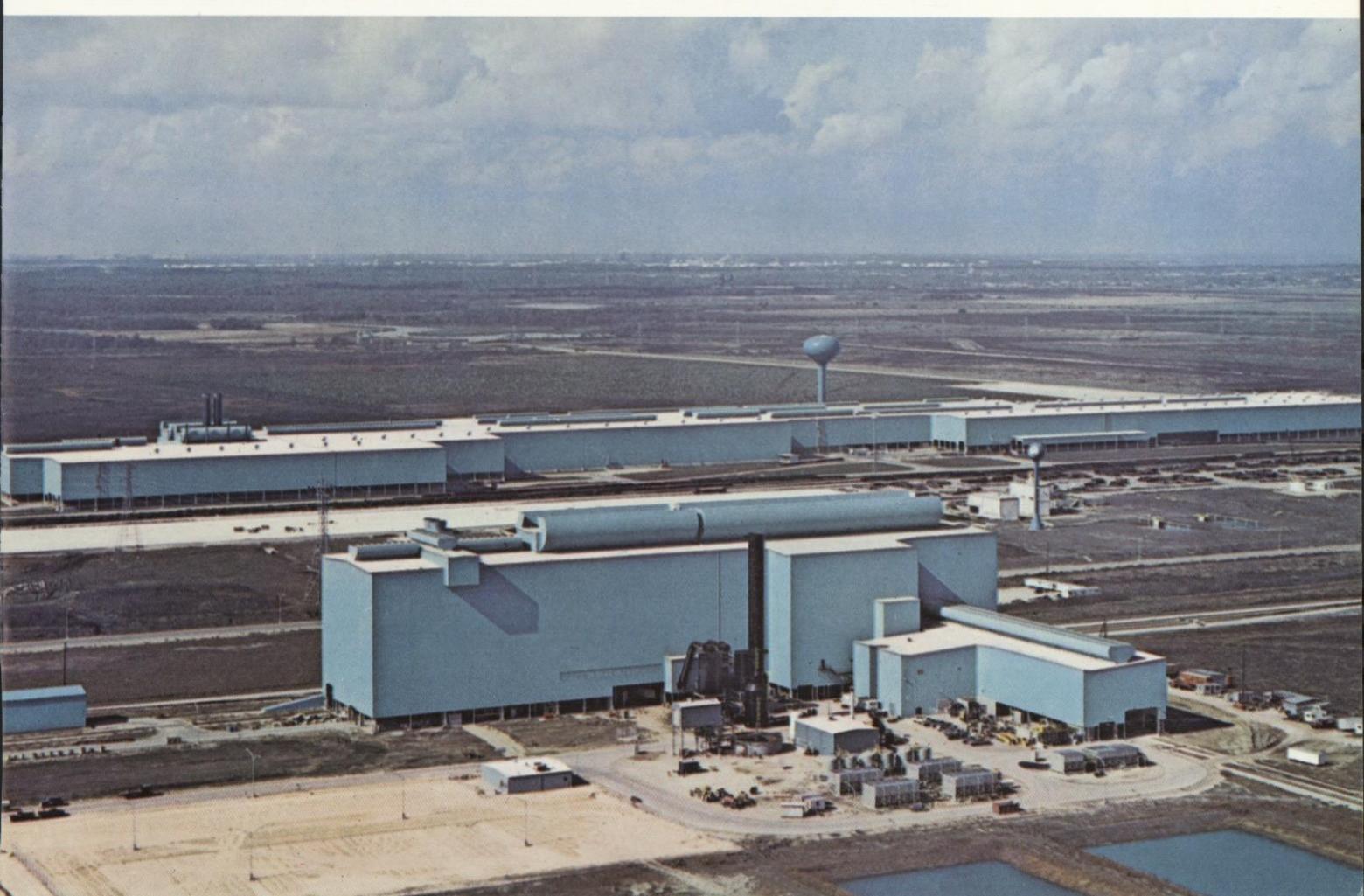
towers, penstocks and barges and, in 1970, it entered the steel curtain wall contracting business.

During 1970, American Bridge was awarded contracts to build several landmark structures, including the 109-story Sears Tower in Chicago—to be the world's tallest building with a height 100 feet greater than the World Trade Center towers in New York; the 80-story Standard Oil Company (Indiana) headquarters building in Chicago; and the superstructure of the Groton-New London bridge, a vital link in the Connecticut highway system.

Oilwell Division, with 30 sales offices and 80 distribution stores, is a leading supplier of machinery and tubular products to the oil and gas industry. Oilwell recently introduced a new line of compact and powerful mud pumps for drilling operations and a revolutionary patented long stroke pumping unit for lifting oil from deep wells at lower cost than conventional beam pumbers. The division also has recently diversified its operations to provide pumps for transportation of solids through pipelines and gears for heavy machinery applications as well as injection and extrusion cylinders for the plastics industry.

U. S. Steel Products Division, a producer of a wide variety of steel drums and pails, also markets a line of multipurpose plastic containers produced by USS Chemicals. The division recently began marketing a complete "materials package" for a new type of highway abutment safety barrier system which was developed in cooperation with others. The barrier, already saving lives on highways in four states, consists of a honeycomb, V-shaped cluster of 30 to 40 specially made 55-gallon drums clamped together and anchored by steel cables.

Texas Works, U. S. Steel's newest steel producing plant. The ten-story-high building in the foreground houses electric steelmaking furnaces and a continuous caster which supply steel slabs to the plate mill facilities located in the ten-block-long building in the background.





JAMES L. ORTNER, Executive
Vice President—Accounting

Steel Service Centers

U. S. Steel Supply Division is part of the steel service center industry—one of the fastest growing outlets for steel. From its 28 service centers in 22 states, the Supply Division provides rapid delivery of locally required steels, aluminum and other metals as well as a broad line of strapping equipment. A new line of equipment for "shrinkwrap" packaging of palletized bulk products in a shell of heat-molded plastic film was added in 1970.

U. S. Steel Supply has participated in the development of a new concept for baling paper, fibers and thin metals to combat the ever-mounting problem of waste disposal. Utilizing Supply's newest strapping machine, the fully automatic system produces a 1,600-pound bale every three minutes.

Steel Overseas

Participation in Latin American steel markets was expanded in 1970, with the acquisition of a majority interest in Mapri, a Brazilian manufacturer of industrial fasteners. U. S. Steel also holds majority interests in a Guatemalan producer (Intupersa) of tubing and pipe and in a steel processing company (Metasa) with facilities in Nicaragua and El Salvador.

A stainless steel products company (Terninoss) and a wire products company (Deriver), two Italian firms owned equally by U. S. Steel and the Finsider group of companies, operated at near-capacity levels. Terninoss is one of the largest producers of stainless steel products in Europe and, in 1970, installed a new cold reduction mill—the first step of a three-phase expansion program.



U. S. Steel has a partial ownership interest in a large, privately-held, integrated Spanish steel producer (Altos Hornos de Vizcaya, S.A.) which has doubled its shipments during the past six years. Output has been expanded by adding a sinter plant, blast furnace and basic oxygen steelmaking furnaces, as well as a hot strip mill which is supplying coils to Bandas, a producer of cold rolled products and tinplate which was recently acquired by Altos Hornos.

United States Steel International (New York), Inc., and United States Steel International, Ltd., experienced one of the best years ever in the 68-year history of selling to markets around the world. These companies sell to customers outside the United States virtually the full range of U. S. Steel's semi-finished and finished steel product lines, as well as chemicals, oilwell products, raw materials, and many other non-steel products.

Chemicals and Plastics

USS Chemicals operations had been expanded in 1969 with the start-up of five new plants—naphthalene, phthalic anhydride, maleic anhydride and fumaric acid plants in the Pittsburgh area and a plant to produce synthetic phenol and acetone at Haverhill, Ohio. During 1970, these plants completed their break-in, and production is nearing projected levels. New facilities at Haverhill for the production of refined alpha methylstyrene, a chemical used to improve the heat stability of specialty resins, started up during 1970.

Production of plasticizers—an additive used to make a plastic resin into a flexible and formable material—will be increased about 60 percent upon completion in mid-1971 of a new unit in the Pittsburgh area. USS Chemicals recently disposed of its industrial and marine coatings and its concrete sewer pipe coating businesses.

Molded plastics operations of USS Chemicals were expanded in 1970 with the installation of additional molding equipment at four of its five plastics products plants serving markets in the East, Midwest and Southeast. In addition, polystyrene resins used in the production of molded plastic products will soon be shipped from USS Chemicals' 200 million-pound per year plant nearing completion at Haverhill. This plant's output will be principally for sale to others.

USS Agri-Chemicals operations improved in 1970 as a result of an upturn in fertilizer demand, which in 1969 was adversely affected by poor spring weather, and a concentrated program to streamline operations and cut costs. However, there has only been a partial recovery from the long-depressed level of fertilizer prices. This division produces a wide variety of fertilizers which it markets along with crop protection chemicals for farm, ranch and home consumption across the United States and in Puerto Rico.

A new 3,500 pound-tank-capacity field vehicle, USS SHADO-WAGON, is now available on a rental basis to anhydrous ammonia fertilizer customers seeking an efficient method for applying liquid fertilizer in conjunction with large-scale plowing. Extremely maneuverable with each of its four wheels able to pivot 360°, the wagon will back and turn anywhere a plow will go.

Overseas, U. S. Steel has acquired a 36 percent participation in Zuari Agro Chemicals, Limited. This company is constructing and will operate a fertilizer plant scheduled for completion in 1972 in West Central India, an area which is in great need of agricultural growth.

The phenol and acetone plant at Haverhill, Ohio—one of six new chemical plants that USS Chemicals has put into operation during 1969 and 1970.

Safeguarding the environment retains high priority . . .

For many years U. S. Steel has been spending vast amounts of time, talent and dollars in a dedicated effort to safeguard the environment. The magnitude of this effort is indicated by the fact that U. S. Steel has spent or committed about \$400 million for pollution control facilities during the past 20 years, with over half of this coming in the last five years. Some of the results of this effort are pictured on these two pages.



Most of U. S. Steel's coal is extracted from underground mines, which do not disturb much of the land surface. But, where we do disturb the land surface we systematically restore the land to its natural beauty through a long-established program of reforestation. Every year we plant thousands of tree seedlings and nurture them into productive stands of timber, such as this 20-year old forest.



Admittedly, there is still more to be done. In some cases the technology and hardware for effective control have not yet been fully developed, and so further research is required. Research is being devoted to these areas, both through our own efforts and through cooperative efforts with American Iron and Steel Institute.

Even when effective control techniques are known, there is still the matter of money—which ultimately must come from people, either directly in the form of prices they pay for products or indirectly in the form of taxes. Citizens and community groups can help bring about investment in environmental control equipment by actively supporting Federal, state and local tax reforms that provide business a more realistic tax treatment for these expenditures.



Britain and Japan. In addition, firms in Japan and West Germany became the first two companies licensed to produce and sell the RIBAND Steels, developed by U. S. Steel especially for sheet, strip and tinplate products made by the continuous casting process.

Titanium

Reactive Metals, Inc., equally owned with National Distillers and Chemical Corporation, is a major producer of titanium and titanium mill products. The lightness, strength and corrosion-resistant properties of this silvery-gray metal make it highly suitable for the long-term growth requirements of the aircraft and aerospace industries as well as the chemical and marine industries. However, cutbacks in aircraft and aerospace programs have adversely affected the short-term demand for titanium products.

Of General Interest

Employment Matters

U. S. Steel employed an average of 200,734 people during 1970, about 2 percent less than the previous year. Almost \$2.3 billion was paid to or for the benefit of employes. Details of these payments and a summary of the benefits from some of the programs are shown in the tables on page 22. Pension costs increased substantially due to improved benefits which became effective on August 1, 1969.

On August 1, 1970, under terms of the 1968 basic labor agreement with the United Steelworkers of America, the production and maintenance employes in steel producing operations were granted increases in general wage rates, in the increment between job classes and in shift differentials. Other improvements included an increase in group life insurance, a new major medical insurance program, increased incentive coverage and an added paid holiday. Employes represented by the United Mine Workers also received a wage increase in 1970 under terms of their 1968 agreement. Appropriate adjustments were made in the rates of pay and benefits of other groups of employes.

Personnel Development

During 1970, approximately 32,000 employes participated in company-sponsored educational and training programs. These programs included self-development, as well as job-related skill training, apprentice training, and management development activities. Since a college tuition aid plan was initiated in 1966, nearly 2,300 employes have received aid after satisfactorily completing accredited courses on their own time. A Manager Development Program for middle managers was expanded in 1970 to provide training for twice as many participants as in 1969 when the program was introduced.

In cooperation with the National Alliance of Businessmen, over 8,000 unemployed and disadvantaged individuals have been hired at 63 locations since the start of the program in 1968, and over 3,300 needy youths have been employed for summer jobs in the same period. Under agreements with the Federal Government, we are also providing special training to improve mental and physical skills of employes recruited from the ranks of the disadvantaged unemployed.

A new pilot cooperative program to provide practical on-the-job trade apprentice training to high school students as part of their vocational education is

U. S. Steel's new 64-story Pittsburgh headquarters building, a striking addition to the city's nighttime skyline. Movement of U. S. Steel personnel from various buildings in downtown Pittsburgh to the new building will be completed by mid-1971; some 40 percent of the space in the building will be for rental to other firms.

EMPLOYMENT COSTS

	Millions	1970	1969
Wages and Salaries	\$ 1,861.0	\$ 1,848.5	
Employe Benefits			
Pension costs	\$ 104.8	\$ 72.6	
Social security taxes	88.3	88.6	
Insurance costs	111.8	101.7	
Supplemental unemployment and extended vacation benefit costs*	26.9	22.7	
Savings fund costs	14.0	13.2	
Payments to industry welfare and retirement funds and other employe benefit costs	43.7	37.4	
Total Cost of Employe Benefits	<u>\$ 389.5</u>	<u>\$ 336.2</u>	
Total Employment Costs	<u>\$2,250.5</u>	<u>\$2,184.7</u>	
Average Number of Employes	200,734	204,723	

*Excludes \$33.5 and \$35.6 millions in 1970 and 1969, respectively, for extended vacation benefits which are included as wages and salaries.

STOCKHOLDERS AND SHARES — COMMON STOCK

December 31, 1970

Registered in name of:

	Holders	Shares
Individuals		
—Women	128,430	13,398,435
—Men	100,681	12,721,414
—Joint Accounts	93,190	7,631,434
Total Individuals	<u>322,301</u>	<u>33,751,283</u>
Nominees	1,515	11,230,662
Brokers	357	5,095,971
Others	32,517	4,091,546
Total	<u>356,690</u>	<u>54,169,462</u>

The number of registered holders of common stock increased 11,355 during the year. No individual held of record as much as two-tenths of one percent of the common stock. Stock registered in the name of nominees, brokers and others is owned by insurance companies; charitable, religious and educational organizations of many types; pension funds; investment companies; trustees, custodians and estates; and others, including many individuals. 35,488 employe participants in the Savings Fund Plan for Salaried Employees are the beneficial owners of stock held by the Trustee of the Plan in the name of a nominee.

EMPLOYEE BENEFITS

PENSIONS

Number of employes pensioned during the year	7,231	6,000
Number of pensioners or co-pensioners at year-end	59,903	56,293
Benefits to pensioners or co-pensioners (millions)	<u>\$ 134.0</u>	<u>\$ 112.4</u>

INSURANCE

Life insurance in force at year-end for active and retired employees (millions)	\$2,009.8	\$1,860.5
Death benefits received by beneficiaries (millions)	\$ 20.0	\$ 20.4
Accident, sickness, hospital, surgical, in-hospital medical and major medical benefits paid to or for employes or their families (millions)	\$ 79.0	\$ 70.3

SAVINGS FUND PLAN FOR SALARIED EMPLOYEES

Employe savings

Amount saved in year (millions)	\$ 26.2	\$ 25.0
Participants—number at year-end	34,861	35,320
% of those eligible	94.7%	94.9%

Company contributions applicable to Savings (millions)	\$ 13.2	\$ 12.4
Additional vacation benefits (millions)	\$ 8.2	\$ 6.6

U. S. Steel common stock held in fund for participants at year-end Number of shares	4,945,968	4,431,208
% of common shares outstanding	9.1%	8.2%

being undertaken jointly with the United Steelworkers of America and a Chicago area high school district. The program develops a source of future skilled tradesmen and provides wages to the students who also earn apprentice time toward journeyman status while receiving scholastic credits. U. S. Steel is an Equal Employment Opportunity employer in all its operations.

Safety

Safety has top priority in all of U. S. Steel's operations, and a comprehensive safety program has been in force since the early 1900's. During 1970, the number of disabling injuries to employes in steel producing operations was 0.68 per million man-hours worked—only about one sixth the rate for the rest of the steel industry and less than one tenth the average rate for all industry. Our plants and warehouses earned eight first place and seven second or third place awards in the Metals Section of the National Safety Council's Annual Safety Contest.

In recent years, the disabling injury frequency rate in U. S. Steel's coal mining operations has averaged less than one twelfth the rate for the coal mining industry. In 1970, the Lynch District Coal Operations (Kentucky) and the Calcite Limestone Quarry (Michigan) each was awarded the mining industry's highest safety recognition, the coveted "Sentinels of Safety," presented jointly by the American Mining Congress and the U. S. Bureau of Mines.

Contributions

During 1970, U. S. Steel donated some \$700,000, including certain property no longer needed in its operations, to various local charitable and educational organizations. United States Steel Foundation, Inc., which was formed in 1953, continues to provide aid for charitable, educational and scientific organizations and activities. During its fiscal year ended November 30, 1970, the Foundation made grants totaling \$6.0 million.

U. S. Steel offers many opportunities for acquiring job skills through special programs, such as trade apprentice training for these high school students (left) as well as on-the-line production experience (right).

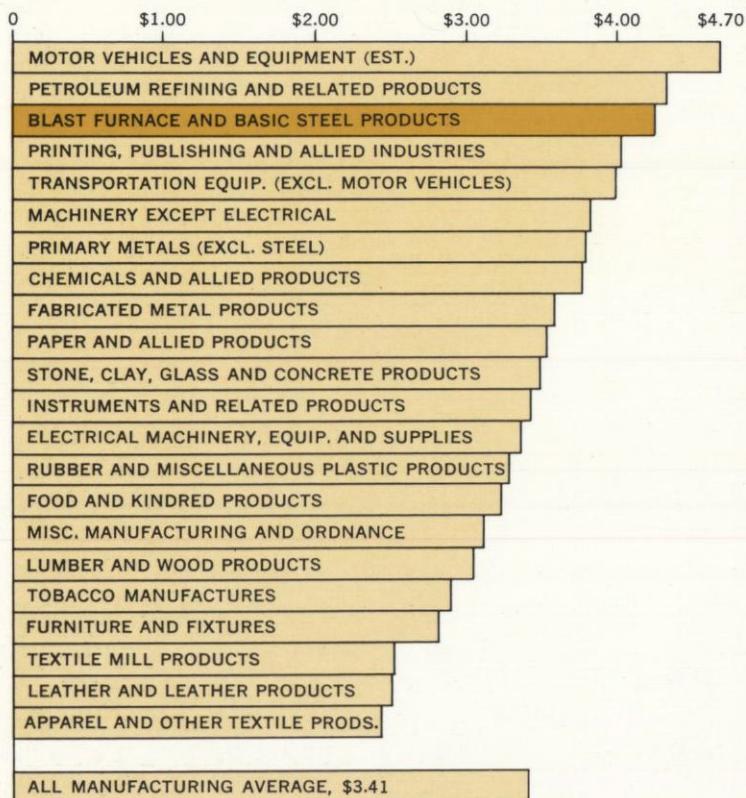


Hard Facts Facing

Production Worker Earnings

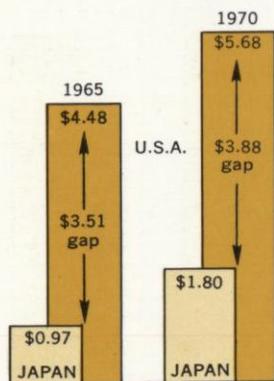
22 Manufacturing Industries, 4th Qtr. 1970
Average Hourly Earnings

(BLS, preliminary)



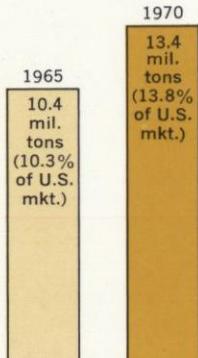
Hourly Employment Cost

Steel Wage Employees



—AISI, 1970 partly est.

Steel Mill Product Imports U.S.A.



WAGES in U.S.A. . . . Steel among highest

Steelworkers' hourly earnings (excluding employee benefits) averaged \$4.25 per hour during fourth quarter 1970.

Steel 84 cents per hour over average for all manufacturing—and this gap has widened over the years.

Steel higher than 19 of 22 manufacturing industries—only auto and petroleum workers' wage rates edge out steel.

Steelworkers paid more than workers in industries directly competing with steel:

- \$.45 over other primary metals (aluminum)
- \$.76 over stone, clay, glass, concrete
- \$.97 over rubber & plastic products
- \$1.21 over lumber & wood products

STEEL LABOR COST . . . Foreign gap widening

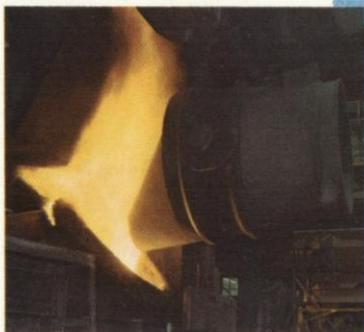
Steelworker employment cost, including wages and benefits, averaged about \$5.68 per hour in U.S.A. in 1970, 27% over 1965.

U.S.A. employment cost now \$3.88 per hour over Japan cost—and this gap has widened from \$3.51 in 1965 despite about 85% increase in Japan. U.S.A. vs. West Germany gap has widened to about \$3.13 per hour.

Steel output per man-hour still greater in U.S.A. than elsewhere, but to offset hourly employment cost gap vs. Japan, U.S. man-hours/ton would have to be cut by nearly $\frac{2}{3}$.

Steel mill product imports to U.S.A. are up about 29% since 1965; import share now about 14% of U.S. market.

**Steel labor contracts due to expire in 1971.
could boost U. S. Steel's total employment**



Making steel makes smoke—even with this most advanced Basic Oxygen Process (BOP) furnace. But, we capture the smoke in a massive BOP cleaning system containing spray chambers, scrubbers and cooling towers. A water clarifier removes the impurities from the water used in the cleaning system.



Making steel requires large quantities of water. But, we conserve this vital natural resource by extensive recycling, cleaning, cooling and treatment, through use of large basins and complex equipment.



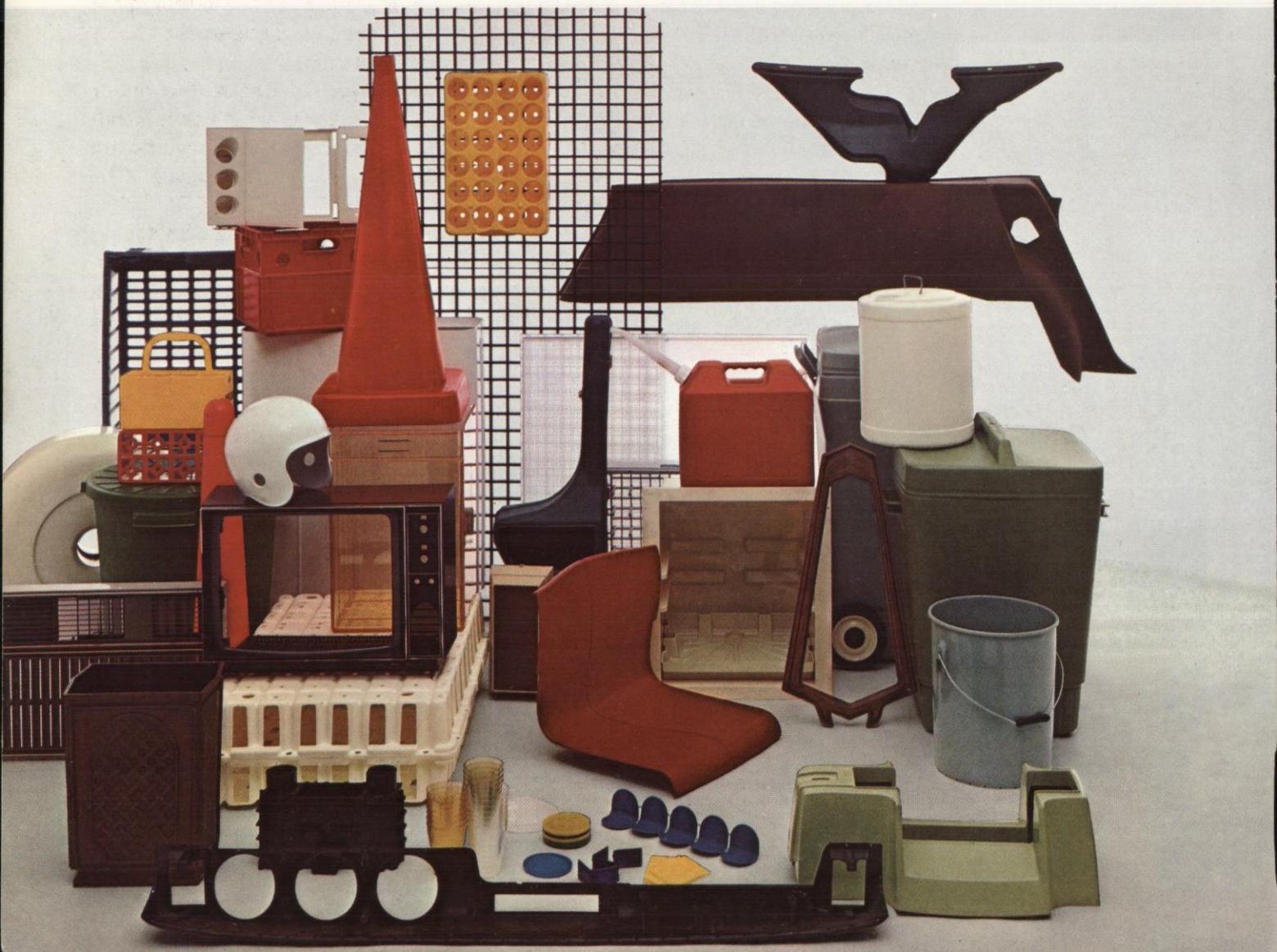
Cement

Cement sales during 1970 totaled 27.5 million barrels, about 6 percent lower than in 1969 as a result of numerous strikes which affected construction activity in our major market areas. There was some additional recovery during 1970 in the long-depressed level of cement prices. However, the recovery has only been sufficient to return prices to about the 1960 levels. As part of the continuing effort to improve the cost-price relationship for cement, operations of several marginal facilities were discontinued and further reductions in administrative costs were achieved.

Universal Atlas Cement Division is starting up its new calcium-aluminate refractory cement facilities in the Chicago area. Two new specialty cements were introduced in 1970. UNADEEP (HSR) is a versatile, new generation oil well cement that mixes with sea water and remains pumpable without additives at depths to 16,000 feet. ATLAS M-X is an expansive cement that minimizes cracking in large continuous pours of concrete and can be placed with fewer forms.

Cement markets in the Bahama Islands, Bermuda and the southeastern United States are served by Bahama Cement Company, a wholly-owned subsidiary with facilities on Grand Bahama Island. In 1970, Bahama Cement's production slightly exceeded the previous record high attained in 1969.

Some of the wide variety of plastic products produced at the five molded plastics plants of USS Chemicals.



Other Materials and Services



WILLIAM H. LANG, Executive Vice President—Realty and Finance

Housing and Real Estate

U. S. Steel Homes Division, a manufacturer of factory-produced homes and structural building components for more than 25 years, has become increasingly active in the design and construction of schools, dormitories and other institutional structures. Attractively designed and low-maintenance relocatable classroom units offer a quick, flexible and economical answer to the ever-pressing problem of crowded schools. A complete building package—engineered and designed to meet local requirements and installed ready for occupancy—is available in many areas at costs below conventional construction.

Alside, Inc., a wholly-owned subsidiary, manufactures and distributes a broad line of aluminum siding, ALSIDE Super Steel Siding—introduced in early 1970—and other residential building products. It has increased its line of premium specialty products, featuring embossed grains and other modern finishes, and has recently added several warehouse facilities.

USS Realty Development, a division organized in 1969, continues active development of a wide variety of real estate projects.

During the year, construction of two USS owned hotels at Walt Disney World near Orlando, Florida continued, with initial occupancy planned to coincide with the Walt Disney World opening in late 1971. Condominium projects in Belleair and Clearwater, Florida moved into their initial selling phase with the recent opening of a sales information center in Belleair. Planning for the development of a 13,500 acre tract of land in Dade County, Florida is continuing under a joint venture with Connecticut Mutual Life Insurance Company.

Three second-home recreation-type projects on water-oriented sites, near major metropolitan areas are in various stages of planning. The 2,000-acre Sparta Woodlands project in New Jersey and the 900-acre Swan Point plan in Maryland are about 50 miles from New York City and Washington, D. C., respectively. The 1,100-acre Lake Moses development in Illinois is within 100 miles of St. Louis.

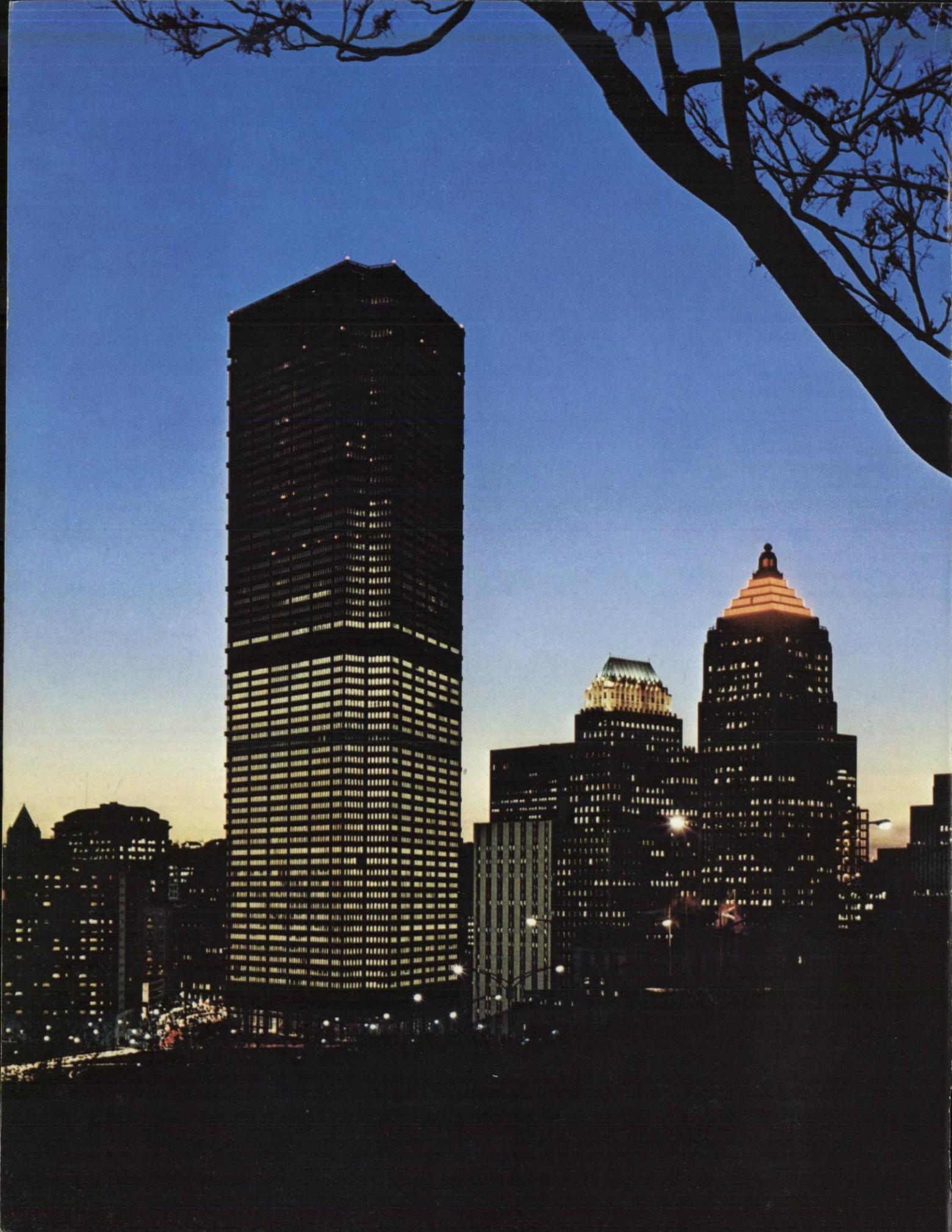
In addition to an industrial park under construction in Birmingham, Alabama there are plans for six similar complexes in California, Utah, Texas, Ohio, Massachusetts and Pennsylvania. Development of a retail shopping center in Pittsburgh, Pennsylvania is under way with initial occupancy planned for late 1971.

Financing Services

U. S. Steel Finance Corporation and U. S. Steel Leasing Co., Inc., wholly-owned subsidiaries formed in 1968 and 1969, respectively, enlarged their general financing and leasing activities in 1970. Percy Wilson Mortgage and Finance Corporation, acquired in 1969, also has expanded its industrial, commercial and residential mortgage and loan activities. Headquartered in Chicago, Percy Wilson has 11 branches in five states for serving the east and midwest areas.

USS Engineers and Consultants, Inc.

After two years of operation, this wholly-owned subsidiary has consulting service contracts and patent licensing agreements with more than 100 companies in 28 foreign countries. In 1970, major agreements were initiated for consulting and technical assistance in production of silicon sheets in Romania and in flat rolled product processing in Canada. Five new electrolytic tinning line license agreements were made with companies in Algeria, Bulgaria, Great



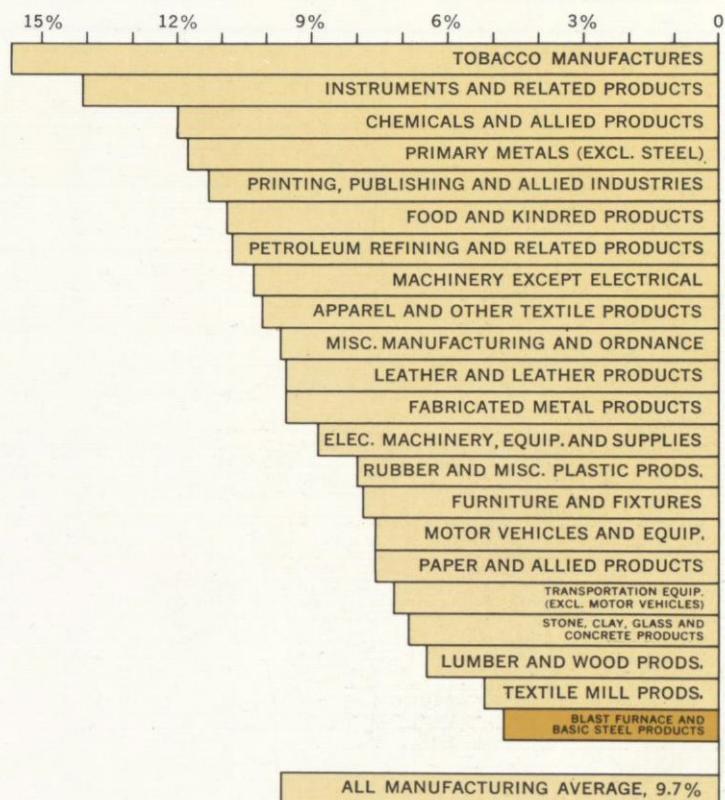
Steel Wage Bargaining

must sooner or later lead to higher costs for steel users

Corporate Earnings

22 Manufacturing Industries, 9 mos. 1970
% Return on Stockholders' Equity

(SEC-FTC, annualized)



PROFITS in U.S.A. . . . Steel among lowest

Steel companies' earnings averaged 4.8% of stockholders' equity for 9 months of 1970.

All manufacturing corporations averaged 9.7% return on equity in this period—and the steel profit gap has widened over the years.

Steel return lowest of 22 manufacturing industries—including those competing directly with steel.

Steel return not high enough to support rising investment, jobs and pay.

With steel output growth limited by foreign competition, output per man-hour gains are not high enough to keep steel wages among highest.

STEEL and INFLATION . . . Workers ahead of companies

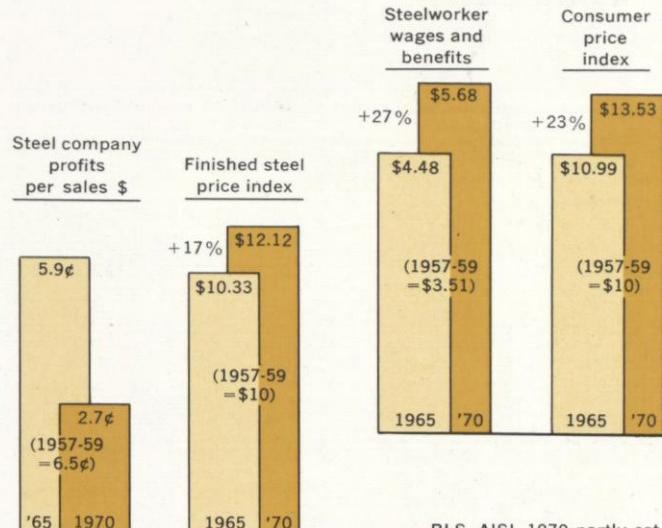
Steelworker hourly wages and benefits increased 62% in U.S.A. from 1957-59 to 1970, while cost of living increased 35%. Since 1965, cost of living has increased 23%, but hourly wages and benefits have increased 27%.

Meanwhile profits of steel companies have slipped from 6.5¢ per dollar of sales in 1957-59 to 5.9¢ in 1965 and 2.7¢ in 1970.

Steel prices have increased only 21% since 1957-59, and 17% since 1965 in U.S.A. Also since 1965:

- Foreign steel producers' export prices up 20-35%
- Nonferrous prices in U.S.A. up about 30%
- Prices of steel's purchased products and services up about as much as steel prices.

Earnings and Prices, U.S.A.



A 1% wage hike in each of 3 years
cost \$68 million annually by the third year

**Summary of
Financial Operations**



	1970	1969
ADDITIONS TO WORKING CAPITAL		
Income	\$147,491,097	\$217,206,967
<i>Add</i> —Wear and exhaustion of facilities	296,506,123	289,570,680
Deferred taxes on income	28,109,783	20,854,306
Proceeds from sales and salvage of plant and equipment	7,770,575	36,347,711
Proceeds from sale of common stock under Stock Option Incentive Plans	18,375	876,263
Increases in long-term debt	37,239,161	21,339,139
Miscellaneous additions	<u>5,164,574</u>	<u>7,508,033</u>
Total additions	522,299,688	593,703,099

DEDUCTIONS FROM WORKING CAPITAL

Expended for plant and equipment	514,466,353	601,791,836
<i>Less</i> —Use of funds set aside in prior years	<u>400,000,000</u>	<u>—</u>
	114,466,353	601,791,836
Increase in investments	41,128,175	45,874,389
Dividends declared on common stock	129,961,428	129,796,519
Decreases in long-term debt due after one year	<u>73,221,822</u>	<u>157,927,580</u>
Total deductions	358,777,778	935,390,324
INCREASE DECREASE IN WORKING CAPITAL	\$163,521,910	\$341,687,225

**WORKING CAPITAL PER CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

End of year	\$697,155,807	\$533,633,897
Beginning of year	533,633,897	875,321,122
INCREASE DECREASE	\$163,521,910	\$341,687,225

**Consolidated Statement of
Income**



	1970	1969
PRODUCTS AND SERVICES SOLD	\$4,883,208,641	\$4,825,137,559
COSTS		
Employment costs		
Wages and salaries	1,861,017,904	1,848,516,243
Employe benefits (<i>see page 22</i>)	389,509,914	336,211,943
	2,250,527,818	2,184,728,186
Products and services bought	1,969,122,490	1,869,955,619
Wear and exhaustion of facilities	296,506,123	289,570,680
Interest and other costs on long-term debt	66,467,698	70,682,461
State, local and miscellaneous taxes	137,093,415	124,993,646
Estimated United States and foreign taxes on income	16,000,000	68,000,000
<i>Total</i>	4,735,717,544	4,607,930,592
INCOME	147,491,097	217,206,967
Income Per Common Share	\$2.72	\$4.01
DIVIDENDS DECLARED		
On common stock (<i>\$2.40 per share</i>)	129,961,428	129,796,519
INCOME REINVESTED IN BUSINESS	\$ 17,529,669	\$ 87,410,448

**Consolidated Statement of
Financial Position**



	Dec. 31, 1970	Dec. 31, 1969
CURRENT ASSETS		
Cash	\$ 217,686,393	\$ 265,852,461
Marketable securities, at cost (approximates market)	11,529,302	83,178,688
Receivables, less estimated bad debts	617,204,941	647,566,517
Inventories (<i>details on page 29</i>)	923,458,156	868,596,179
<i>Total</i>	<u>1,769,878,792</u>	<u>1,865,193,845</u>
<i>Less</i>		
CURRENT LIABILITIES		
Notes and accounts payable	753,992,126	976,399,851
Accrued taxes	248,157,996	291,937,610
Dividend payable	32,490,357	32,490,057
Long-term debt due within one year	38,082,506	30,732,430
<i>Total</i>	<u>1,072,722,985</u>	<u>1,331,559,948</u>
WORKING CAPITAL	697,155,807	533,633,897
Marketable securities, at cost (approximates market), set aside for plant and equipment additions and replacements	255,000,000	655,000,000
Investments in realty, leasing and finance operations (<i>details on page 30</i>)	62,598,249	—
Long-term receivables and other investments, less estimated losses	171,819,531	193,289,605
Plant and equipment, less depreciation (<i>details on page 29</i>)	3,922,961,695	3,721,903,574
Operating parts and supplies	54,083,796	51,750,875
Costs applicable to future periods	<u>74,695,801</u>	<u>73,061,762</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	5,238,314,879	5,228,639,713
<i>Deduct</i>		
Long-term debt (<i>details on page 29</i>)	1,398,684,573	1,434,667,234
Reserves and deferred taxes on income (<i>details on page 29</i>)	<u>389,480,530</u>	<u>361,367,372</u>
EXCESS OF ASSETS OVER LIABILITIES AND RESERVES	<u>\$3,450,149,776</u>	<u>\$3,432,605,107</u>
OWNERSHIP EVIDENCED BY		
Common stock (authorized 90,000,000 shares; outstanding 54,169,462 shares at December 31, 1970 and 54,168,962 shares at December 31, 1969)		
Par value \$30 per share	\$1,625,083,860	\$1,625,068,860
Income reinvested in business	1,825,065,916	1,807,536,247
(see page 27 for addition of \$17,529,669 in 1970)		
<i>Total</i>	<u>\$3,450,149,776</u>	<u>\$3,432,605,107</u>

Details of Selected Items



PLANT AND EQUIPMENT	Facilities (at cost)				Less depreciation and depletion			Net	Dollars in millions
	Land	Plant	Transportation	Total	Plant	Transportation	Total		
Balance December 31, 1969.	\$117.2	\$8,106.3	\$827.1	\$9,050.6	\$4,878.1	\$450.6	\$5,328.7	\$3,721.9	
Additions	2.1	466.7	45.7	514.5	288.6	10.7	299.3†	215.2	
Deductions	3.0	76.2	14.7	93.9	69.0	10.8	79.8	14.1‡	
Balance December 31, 1970.	\$116.3	\$8,496.8	\$858.1	\$9,471.2	\$5,097.7	\$450.5	\$5,548.2	\$3,923.0	

†Wear and exhaustion of \$296.5 million shown in the Consolidated Statement of Income comprises depreciation and depletion of \$299.3 million, less profit of \$2.8 million resulting from sales.

‡Includes \$7.8 million proceeds from sales and salvage of plant and equipment.

RESERVES AND DEFERRED TAXES ON INCOME

	Deducted from:		Other					Total other
	Current receivables	Other investments	Reserve for insurance	Reserve for contingencies	Accident and hospital	Deferred income taxes		
Balance December 31, 1969.	\$8.4	\$5.6	\$50.0	\$40.8	\$ 9.4	\$261.1		\$361.3
Additions	1.4	—	8.0	—	29.3	28.1		65.4
Deductions	3.5	.3	8.0	—	29.3	—		37.3
Balance December 31, 1970.	\$6.3	\$5.9	\$50.0	\$40.8	\$ 9.4	\$289.2		\$389.4

INVENTORIES	Ore, limestone, coal and coke	Non-ferrous metals	Semi-finished products	Finished products	Supplies and sundry items	Contracts in progress	Total inventories
December 31, 1969.....	\$148.0	\$19.6	\$271.9	\$284.7	\$121.5	\$22.9	\$868.6
December 31, 1970.....	166.9	17.6	316.6	283.1	119.2	20.1	923.5

For the most part, inventories are carried at cost as determined under the last-in, first-out method, and the remainder is carried at

cost or market, whichever is lower. The last-in, first-out method was first adopted in 1941 and extended in 1942 and 1947.

LONG-TERM DEBT		Interest rates	Years of maturity	Outstanding Dec. 31, 1970	Change in the Year	
					Increases	Decreases
United States Steel Corporation						
Sinking Fund Debentures (Callable).....		4	1983	\$ 166.5	\$—	\$17.3
Sinking Fund Debentures (Callable).....		4½	1986	197.7	—	15.0
Subordinated Debentures (Callable).....		4⅔	1996	622.8	—	—
Notes payable		*	1972	220.0	—	—
Long-term lease obligations relating to Industrial Development Revenue Bonds						
4.30–5¾	1971–1988			99.3	—	.9
Real estate mortgages and purchase money obligations	—	—		3.0	.1	.3
Consolidated Subsidiaries						
Railroad companies First Mortgage Bonds (Callable).....	2⅓–3	1971–1996		9.8	—	8.1
Notes payable	4½–8¼	1971–1985		116.9	39.9	21.4
Real estate mortgages and purchase money obligations	—	—		.8	—	5.6
Total long-term debt				1,436.8	40.0	68.6
Less amount due within one year.....				38.1	2.8	4.6
Long-term debt due after one year				\$1,398.7	\$37.2	\$73.2

Exclusive of debt of realty, leasing and finance companies—see page 30.

*Rate varies with prime commercial rate which at December 31, 1970 was 6¾%.

On February 23, 1971, \$150 million of 7¾% Sinking Fund Debentures Due 2001 were offered for sale through a group of underwriters.

Notes to Financial Statements



PRINCIPLES APPLIED IN CONSOLIDATION

All majority owned subsidiaries are consolidated, except for those described below accounted for on an equity basis and companies which are insignificant.

In recognition of their growing importance in 1970, investments in realty, leasing and finance operations are carried in the consolidated statements at U. S. Steel's equity in the net assets and advances to such operations which at December 31, 1970 may be summarized as follows:

		(In millions)
Realty, leasing and finance companies		
Cash, receivables and inventory	\$202.2	
Plant and equipment, less depreciation	14.6	
Investments and other assets	6.9	
Total assets	223.7	
Less liabilities:		
Current notes* and accounts payable	194.0	
Debt due after one year	5.5	
	24.2	
Other realty operations	38.4	
Total	\$ 62.6	

*Includes \$144.5 million guaranteed by U. S. Steel.

Long-term receivables and other investments, less estimated losses, include other investments of \$71.2 million. Beginning in 1970 those investments which represent significant ownership interest are carried on the equity basis and all others are carried at cost.

U. S. Steel's equity in 1970 net income of companies carried on an equity basis amounted to \$3.1 million which is included in consolidated income as part of interest, dividends and other income.

SECURITIES SET ASIDE FOR PLANT AND EQUIPMENT ADDITIONS AND REPLACEMENTS

At December 31, 1970, completion of authorized additions to and replacements of facilities required an estimated further expenditure of \$1,050 million. At the end of 1969, \$655 million of marketable securities had been set aside to cover in part such authorized expenditures. During 1970, \$400 million was used for such purpose, leaving a balance of \$255 million set aside at December 31, 1970.

WEAR AND EXHAUSTION OF FACILITIES

For the most part, wear and exhaustion of facilities is related to U. S. Steel's rate of operations and is computed on the straight-line method based on guideline

procedures established in 1962 by the Internal Revenue Service.

RESERVES AND DEFERRED TAXES ON INCOME

U. S. Steel is, for the most part, a self-insurer of its assets against fire, windstorm, marine and related losses. The insurance reserve of \$50 million is held available for absorbing possible losses of this character, and is considered adequate for this purpose.

The reserves for contingencies and accident and hospital expenses of \$50.2 million, provided mainly in previous years by charges to operations, are held for exceptional unanticipated losses other than those covered by the insurance reserve.

Deferred income taxes are provided to cover possible future income taxes arising from timing differences in reporting items for income tax and financial accounting purposes.

PREFERRED STOCK

U. S. Steel is authorized to issue 20,000,000 shares of preferred stock, without par value. At December 31, 1970, none of this stock had been issued.

STOCK OPTION INCENTIVE PLAN

The Stock Option Incentive Plan approved by stockholders in 1964 authorized the option and sale of up to 1,500,000 shares of common stock to key management employees. The option period begins on the date the option is granted and ends five years thereafter, except in cases of death, retirement or other earlier termination. The granting of options terminated in 1969 and as a result no more than 1,000,325 shares have been or can be issued.

In 1970, one optionee purchased 500 shares at \$36.75 per share. At December 31, 1970, 275 optionees held options to purchase 967,900 shares at prices ranging from \$36.75 to \$48.00 per share for a total of \$37.2 million.

PENSION FUNDING

U. S. Steel's pension plan covers substantially all its employees. Pension costs are determined by an independent actuary, based upon various actuarial factors and an actuarial method under which both current and unfunded past service costs are funded over the future on a combined basis by payment into pension trusts. From time to time actuarial factors are adjusted in the light of actual experience. For 1970, the cost of pensions amounted to \$104.8 million compared with \$72.6 million in 1969.

Independent Auditors' Report



(Notes to Financial Statements continued)

ESTIMATED UNITED STATES AND FOREIGN TAXES ON INCOME

Provisions for estimated taxes on income reflect investment credits of \$31.1 million in 1970 and \$35.3 million in 1969 and also the tax benefits associated with mineral production payments which were completed in 1970.

TAX LITIGATION

During the year a federal district court rendered its decision on a \$28 million claim for refund related to excess profit taxes and interest for 1950 previously paid. Adverse aspects of the court's decision and rulings are being appealed. The decision may affect two other tax years during the Korean conflict involving Internal Revenue claims for a maximum remaining tax of \$90 million and an approximately equal amount of interest. The financial statements of U. S. Steel for 1970 and prior years properly reflect its financial position, including provision for any taxes which ultimately may be assessed.

OTHER ITEMS

Products and Services Sold—Products and services sold includes interest, dividends and other income of

\$68.8 million in 1970 and \$71.0 million in 1969.

Costs—Wages and salaries totaled \$1,896.0 million in 1970 of which \$1,861.0 million was included in costs of products and services sold and the balance was charged to construction.

Products and services bought reflects the changes during the year in inventories and deferred costs. These items increased during 1970 approximately \$59 million.

If the total of wages and salaries and products and services bought in 1970 were reclassified as costs of products and services sold and general administrative and selling expenses, the amounts thereof would be \$3,600.8 million and \$229.3 million, respectively.

Maintenance and repairs of plant and equipment totaled \$697.8 million in 1970 and \$684.5 million in 1969.

In 1970 expenditures on non-cancellable charters and leases covering ore ships, office space and other properties totaled \$41 million with minimum annual rentals aggregating \$35 million. Minimum annual rentals effective in 1971 total approximately \$48 million, the major portion of which terminates within ten years.

PRICE WATERHOUSE & CO.

60 BROAD STREET

NEW YORK 10004

To the Stockholders of

February 9, 1971

United States Steel Corporation:

In our opinion, the accompanying Consolidated Statement of Financial Position and related Statement of Income and Summary of Financial Operations present fairly the position of United States Steel Corporation and subsidiaries at December 31, 1970 and the results of operations and changes in working capital for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse Co.

16 Year Story

U. S. Steel's Operating and Financial Story 1955-1970



SUMMARY OF OPERATING DATA (net tons in millions)

Year	Total ores mined	Total coal mined	Total coke produced	Total iron produced	Raw steel produced	Steel products shipped	No. of employees	Employment statistics	Hourly earnings	Hourly employment cost
1955	52.1	25.2	21.6	26.0	35.3	25.5	272,646	37.5	\$2.70	\$3.08
1956	47.4	23.0	20.6	24.6	33.4	23.9	260,646	37.1	2.93	3.38
1957	57.9	23.5	22.3	26.4	33.7	23.4	271,037	36.3	3.19	3.71
1958	39.8	16.8	15.1	18.1	23.8	17.0	223,490	34.2	3.50	3.87
1959	36.4	15.0	14.8	18.6	24.4	18.1	200,329	35.1	3.78	4.39
1960	50.2	18.0	16.6	21.2	27.3	18.7	225,081	34.8	3.68	4.30
1961	35.8	15.2	14.2	19.3	25.2	16.8	199,243	35.1	3.89	4.57
1962	37.7	13.5	13.1	18.9	25.4	17.8	194,044	35.0	4.01	4.62
1963	37.0	14.5	13.5	20.9	27.6	18.9	187,721	35.9	4.04	4.68
1964	44.9	17.0	15.6	25.2	32.4	21.2	199,979	36.8	4.08	4.74
1965	46.8	18.0	17.4	25.1	32.6	22.5	208,838	36.1	4.21	4.81
1966	48.1	18.0	17.7	25.7	32.8	21.6	205,544	36.3	4.29	5.01
1967	45.0	19.0	17.8	24.3	30.9	19.8	197,643	35.7	4.41	5.19
1968	44.2	18.0	17.5	25.3	32.4	22.5	201,017	35.8	4.69	5.57
1969	49.9	18.1	17.3	27.3	34.7	22.4	204,723	36.5	4.84	5.72
1970	55.1	19.6	17.6	25.8	31.4	21.0	200,734	35.8	5.05	6.11

Production data, which are grouped in broad product classifications, include all production of the materials by the operating divisions and subsidiaries and exclude all materials purchased. The average weekly hours shown are based on the average monthly number of employees

receiving pay. Hourly employment cost includes hourly earnings, social security taxes, pensions, insurance and other employee benefit costs.

SUMMARY OF FINANCIAL OPERATIONS (change in working capital in millions of dollars)

Year	Additions					Deductions					Increase in working capital
	Income as reported	Wear and exhaustion of facilities	Deferred taxes on income	Increases in long-term debt	Miscellaneous additions	Total expenditures	Securities set aside	Decreases in long-term debt	Total dividends declared	Miscellaneous deductions	
1955	370.1	285.2	—	—	20.4	239.8	300.0	38.0	148.1	6.7	56.9
1956	348.1	277.6	—	1.1	34.6	311.8	225.0	42.2	170.1	3.7	91.4
1957	419.4	276.0	—	—	9.4	514.9	110.0	28.5	186.5	9.0	75.9
1958	301.5	204.9	—	300.0	11.1	448.1	115.0	29.0	186.6	22.1	16.7
1959	254.5	189.9	—	.2	25.9	366.1	35.0	33.2	187.0	—	80.8
1960	304.2	208.4	—	—	11.2	492.4	195.0	31.7	187.2	14.9	7.4
1961	190.2	210.5	—	502.6	8.4	326.8	—	32.0	187.5	26.0	339.4
1962	163.7	265.9	—	.1	14.2	200.6	—	60.1	160.5	6.9	15.8
1963	203.5	307.8	—	—	13.4	244.7	30.0	62.9	133.4	5.4	48.3
1964	236.8	335.8	—	21.2	20.9	292.6	325.0	46.3	133.5	2.5	185.2
1965	275.5	324.5	—	1.8	22.4	353.6	—	42.1	133.5	30.8	64.2
1966	249.2	344.3	—	.3	28.7	440.7	—	75.4	119.1	53.9	66.6
1967	172.5	354.7	—	3.0	60.8	574.7	—	55.1	129.9	—	168.7
1968	253.7	253.1	172.2	433.7	8.5	697.4	—	63.1	129.9	10.7	220.1
1969	217.2	289.6	20.9	21.3	44.7	601.8	—	157.9	129.8	45.9	341.7
1970	147.5	296.5	28.1	37.2	13.0	514.5	400.0	73.2	130.0	41.1	163.5

CONSOLIDATED STATEMENT OF INCOME (dollars in millions)

Year	Products & services sold	Employment costs (1)	Products & services bought	Wear and exhaustion of facilities	Interest & other costs on debt	Income & other taxes	Income			Total dividends declared (2)	Reinvested in business
							Amount	% of sales	Per common share		
1955	4,097.7	1,614.9	1,355.2	285.2	9.1	463.2	370.1	9.0	6.44	148.1	222.0
1956	4,228.9	1,681.0	1,487.5	277.6	7.7	427.0	348.1	8.2	6.01	170.1	178.0
1957	4,413.8	1,862.0	1,324.2	276.0	7.0	525.2	419.4	9.5	7.33	186.5	232.9
1958	3,472.1	1,488.5	1,085.6	204.9	11.5	380.1	301.5	8.7	5.13	186.6	114.9
1959	3,643.0	1,576.2	1,278.2	189.9	17.6	326.6	254.5	7.0	4.25	187.0	67.5
1960	3,698.5	1,700.0	1,091.2	208.4	16.9	377.8	304.2	8.2	5.16	187.2	117.0
1961	3,336.5	1,622.7	1,022.4	210.5	29.9	260.8	190.2	5.7	3.05	187.5	2.7
1962	3,501.0	1,608.3	1,192.4	265.9	37.5	233.2	163.7	4.7	2.56	160.5	3.2
1963	3,637.2	1,611.5	1,211.0	307.8	35.6	267.8	203.5	5.6	3.30	133.4	70.1
1964	4,129.4	1,795.0	1,404.8	335.8	34.4	322.6	236.8	5.7	3.91	133.5	103.3
1965	4,465.0	1,863.8	1,624.8	324.5	30.9	345.5	275.5	6.2	4.62	133.5	142.0
1966	4,434.7	1,916.0	1,559.0	344.3	56.6	309.6	249.2	5.6	4.60	119.1	130.1
1967	4,067.2	1,871.6	1,431.8	354.7	54.4	182.2	172.5	4.2	3.19	129.9	42.6
1968	4,609.2	2,055.9	1,766.1	253.1	67.1	213.3	253.7	5.5	4.69	129.9	123.8
1969	4,825.1	2,184.7	1,870.0	289.6	70.6	193.0	217.2	4.5	4.01	129.8	87.4
1970	4,883.2	2,250.5	1,969.1	296.5	66.5	153.1	147.5	3.0	2.72	130.0	17.5

(1) Employment costs include pensions, social security taxes, insurance and other employee benefit costs.

(2) Includes \$25.2 million on 7% cumulative preferred stock in each year through 1965.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (dollars in millions)

Dec. 31	Working capital				Securities set aside for plant & equipment	Plant & equipment less depreciation	Other non-current assets (1)	Total assets less current liabilities	Long-term debt due after one year	Reserves & deferred taxes on income	Ownership (Stocks and income reinvested) (2)
	Cash and securities	Receivables and inventories	Less—current liabilities	Total working capital							
1955	567.5	775.6	648.0	695.1	300.0	1,873.7	103.6	2,972.4	286.1	103.7	2,582.6
1956	510.1	815.8	722.2	603.7	525.0	1,878.0	107.4	3,114.1	245.0	105.1	2,764.0
1957	526.3	906.7	753.4	679.6	415.0	2,109.6	116.4	3,320.6	216.5	106.3	2,997.8
1958	507.5	915.6	726.8	696.3	530.0	2,345.1	138.6	3,710.0	487.5	108.5	3,114.0
1959	515.4	908.3	808.2	615.5	495.0	2,511.9	128.5	3,750.9	454.5	112.7	3,183.7
1960	451.7	944.1	787.7	608.1	300.0	2,787.6	143.4	3,839.1	422.8	114.4	3,301.9
1961	642.2	1,060.9	755.6	947.5	300.0	2,899.5	169.4	4,316.4	893.4	117.1	3,305.9
1962	691.3	995.3	723.3	963.3	300.0	2,820.1	176.2	4,259.6	833.4	117.1	3,309.1
1963	857.4	920.8	766.6	1,011.6	330.0	2,743.6	181.6	4,266.8	770.5	117.1	3,379.2
1964	583.0	1,090.9	847.5	826.4	655.0	2,693.0	184.1	4,358.5	745.4	130.4	3,482.7
1965	764.2	986.4	860.0	890.6	655.0	2,714.1	213.4	4,473.1	705.1	143.1	3,624.9
1966	787.9	1,105.7	1,069.6	824.0	655.0	2,798.4	295.3	4,572.7	1,252.8	141.9	3,178.0
1967	430.7	1,241.3	1,016.8	655.2	655.0	3,010.3	269.0	4,589.5	1,200.7	168.1	3,220.7
1968	729.8	1,280.7	1,135.2	875.3	655.0	3,446.0	279.8	5,256.1	1,571.3	340.3	3,344.5
1969	349.0	1,516.2	1,331.6	533.6	655.0	3,721.9	318.1	5,228.6	1,434.7	361.3	3,432.6
1970	229.2	1,540.7	1,072.7	697.2	255.0	3,923.0	363.1	5,238.3	1,398.7	389.5	3,450.1

(1) Includes investments, operating parts and supplies and costs applicable to future periods.

(2) Ownership in 1966 and subsequent years is applicable only to common stock; in prior years it also includes \$360.3 million par value of 7% cumulative preferred stock.

Combined Pension Trusts**United States Steel and Carnegie Pension Fund, Trustee**

(A non-profit Pennsylvania membership corporation)

STATEMENT OF ASSETS

	Dec. 31, 1970	Dec. 31, 1969
Investments, at cost (less than aggregate market or estimated fair value) <i>(details on page 35)</i>	\$2,053,289,855	\$1,966,546,119
Cash	1,976,744	3,321,062
Accrued interest and other receivables	18,851,917	17,029,975
Contributions receivable in subsequent period	75,483,776	64,993,769
Payables	153,692	1,493,258
Assets	\$2,149,448,600	\$2,050,397,667

STATEMENT OF CHANGES DURING THE YEAR

	Year 1970	Year 1969
Balance at beginning of year	\$2,050,397,667	\$1,965,218,294
Additions		
Receipts from employing companies	104,804,143	72,622,181
Receipts from participating employees	7,071,430	6,885,649
Receipts from predecessor trustees of acquired plans	—	17,757
Income from investments	118,401,611	111,646,569
Gain on disposition of investments	4,546,117	8,238,277
	<hr/> 2,285,220,968	<hr/> 2,164,628,727
Deductions		
Pension payments	134,000,548	112,415,568
Refunds to withdrawing employees	1,771,820	1,815,492
	<hr/> 135,772,368	<hr/> 114,231,060
Balance at end of year	<hr/> \$2,149,448,600	<hr/> \$2,050,397,667

United States Steel and Carnegie Pension Fund, Trustee

SUMMARY OF INVESTMENTS

At December 31, 1970

Securities of Subsidiaries of United States Steel Corporation

Pittsburg, Bessemer and Lake Erie Railroad Company		
First Mortgage Series A	\$ 2,315,926	
Union Railroad Company First and Refunding Mortgage Series A	5,239,000	\$ 7,554,926

Other bonds, notes and debentures

United States Government	54,820,002	
Other	678,581,708	733,401,710
Preferred stocks		37,326,547
Common stocks		955,614,078
Mortgages		11,562,603
Oil, gas and other payments and royalties		16,625,286
Properties owned		291,204,705
Total investments, at cost		\$2,053,289,855

PRICE WATERHOUSE & CO.

60 BROAD STREET

NEW YORK 10004

February 9, 1971

To the Board of Directors of
United States Steel and Carnegie Pension Fund:

In our opinion, the accompanying Statement of Assets, Statement of Changes During the Year and Summary of Investments present fairly the financial position of the combined pension trusts administered by United States Steel and Carnegie Pension Fund as trustee at December 31, 1970 and the changes therein during the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and included confirmation of the cash and investments owned at December 31, 1970 by certificates obtained from the depositaries and custodians, or by inspection, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Organization

Directors



(Left to right)

Thomas V. Jones, Chairman and President, Northrop Corporation
Roger M. Blough, *† Partner, White & Case; Retired Chairman of U. S. Steel
Gordon M. Metcalf, Chairman, Sears, Roebuck and Co.
George S. Moore, Retired Chairman, First National City Bank
Harlee Branch, Jr., Chairman, The Southern Company



(Left to right)

Arthur A. Houghton, Jr., *† President, Steuben Glass
H. I. Romnes, * Chairman and President, American Tel. and Tel. Co.
John M. Meyer, Jr., *† Chairman, Morgan Guaranty Trust Company of New York
Leslie B. Worthington, * Retired President of U. S. Steel

Officer—Directors

Edwin H. Gott*†
Chairman of the Board
R. Heath Larry*†
Vice Chairman of the Board
Edgar B. Speer*†
President
Wilbert A. Walker*†
Chairman of the Finance Committee



(Left to right)

Robert C. Tyson, *† Retired Chairman, Finance Committee of U. S. Steel
Franklin J. Lundin, *† Chairman Finance Committee, Jewel Companies, Inc.
William McC. Martin, Jr., *† Former Chairman, Federal Reserve Board
Henry S. Wingate, *† Chairman, The International Nickel Co. of Canada, Ltd.

Officers

John E. Angle
Executive Vice President—Production
William H. Lang
Executive Vice President—Realty and Finance
James L. Ortner
Executive Vice President—Accounting
John Pugsley
Executive Vice President—International
Henry J. Wallace
Executive Vice President—Commercial
Arthur V. Wiebel
Executive Vice President—Engineering and Research
Marion G. Heatwole**
General Counsel
Randolph W. Hyde
Administrative Vice President and Treasurer
Benjamin L. Rawlins
Secretary and Assistant General Counsel
Bracy D. Smith
Vice President and Comptroller

*Member of Executive Committee
†Member of Finance Committee

**Elected effective March 1, 1971, succeeding John S. Tennant, retired.

William McC. Martin, Jr., was elected May 4, 1970, succeeding Henry T. Heald, retired.

Stuart T. Saunders resigned June 11, 1970.

United States Steel Corporation



Administrative Vice Presidents

Marcus J. Aurelius	<i>Commercial</i>
Marcus M. Fisher	<i>Accounting</i>
William E. Haskell	<i>Eng. and Research</i>
Thomas W. Hunter	<i>Production</i>
Max W. Lightner	<i>Eng. and Research</i>
Wilbur L. Lohrentz	<i>Personnel Services</i>
J. D. McCall	<i>Commercial</i>
J. Warren Shaver	<i>Personnel Services</i>
Patterson S. Weaver	<i>Eng. and Research</i>

Vice Presidents

Christian F. Beukema	Earl W. Mallick
Henry T. Blake	Oscar T. Marzke
Dennis J. Carney	Robert A. McClure
Robert C. Colbaugh, Jr.	Robert B. Mears
Jesse F. Core	Maxwell D. Millard
William W. Crawford	Albert A. Monnett, Jr.
Stephen P. Curtis	Edward C. Myers*
J. Michael Curto	Robert B. O'Connor
Boyd P. Doty, Jr.	Gordon A. Paul
John J. Farrell	David M. Roderick
William C. French, Jr.	Lewis W. Roe
Francis M. Goodwin, Jr.	Raymond D. Ryan
Joseph M. Greer	Jack R. Scott
Russell M. Guttshall, Jr.	Ralph W. Seely
Robert O. Hawkanson	Harvey M. Snook
Phillips Hawkins	C. Thomas Spivey
C. Allen Headlee	W. Bruce Thomas
Carl G. Hogberg	John W. Todd, Jr.
George A. Jedenoff	James F. Traa
William P. Jones	Kenneth L. Vore
Edward C. Logelin	William G. Whyte

*and Assistant to Vice Chairman

Merrill L. Heald, *Assistant General Counsel*
 Charles G. Schwartz, *Assistant General Counsel*
 Robert R. Wertz, *Assistant General Counsel*

William H. Peterson, *Economist*

TRANSFER AGENTS—COMMON STOCK

Office of the Corporation
 71 Broadway, New York, N.Y. 10006
 Continental Illinois National Bank and Trust Company of Chicago
 231 South LaSalle Street, Chicago, Ill. 60690

REGISTRARS—COMMON STOCK

Morgan Guaranty Trust Company of New York
 23 Wall Street, New York, N.Y. 10015
 The First National Bank of Chicago
 One First National Plaza, Chicago, Ill. 60670

Divisions

American Bridge Division	J. H. Long
600 Grant Street, Pittsburgh, Pa. 15230	
Certified Industries Division	R. A. Raggio
344 Duffy Ave., Hicksville, N.Y. 11802	
Oilwell Division	M. F. Hazel
2001 North Lamar Street, Dallas, Texas 75202	
United States Steel Homes Division	F. J. Stump
2549 Charlestown Road, New Albany, Ind. 47150	
United States Steel Products Division	C. R. Justice
600 Grant Street, Pittsburgh, Pa. 15230	
United States Steel Supply Division	E. L. Simanek
13535 South Torrence Ave., Chicago, Ill. 60633	
Universal Atlas Cement Division	R. C. Moffitt
600 Grant Street, Pittsburgh, Pa. 15230	
USS Agri-Chemicals	J. M. Hoerner
30 Pryor St. S.W., Atlanta, Georgia 30301	
USS Chemicals	W. K. Menke
600 Grant Street, Pittsburgh, Pa. 15230	
USS Realty Development	J. R. Dembeck
600 Grant Street, Pittsburgh, Pa. 15230	

Principal Subsidiaries

Alside, Inc.	J. J. Kaufman
P. O. Box 1261, Akron, Ohio 44309	
Bahama Cement Company	J. E. Jenks
Post Office Box 100, Freeport, Grand Bahama Island	
Bessemer and Lake Erie Railroad Company	F. W. Okie
P. O. Box 536, Pittsburgh, Pa. 15230	
Birmingham Southern Railroad Company	C. D. Cotten, Jr.
Parker Building, Fairfield, Ala. 35064	
Carnegie Natural Gas Company	T. H. Evans
3904 Main Street, Munhall, Pa. 15120	
Duluth, Missabe and Iron Range Railway Co.	F. W. Okie
Missabe Building, Duluth, Minn. 55802	
Elgin, Joliet and Eastern Railway Co.	F. W. Okie
P. O. Box J, Chicago, Ill. 60690	
Navigen Company	J. S. Martin
Post Office Bag 809, Nassau, Bahamas	
Navios Corporation	J. S. Martin
Post Office Bag 796, Nassau, Bahamas	
Ohio Barge Line, Inc.	M. S. Toon
P. O. Box 126, Dravosburg, Pa. 15034	
Orinoco Mining Company	S. H. Cohlmeier
Apartado 2736, Caracas, Venezuela (Caracas Office)	
Percy Wilson Mortgage and Finance Corp.	R. H. Wilson
221 North LaSalle Street, Chicago, Ill. 60601	
Quebec Cartier Mining Company	L. J. Patterson
Port Cartier, Province of Quebec, Canada	
Union Railroad Company	F. W. Okie
P. O. Box 536, Pittsburgh, Pa. 15230	
United States Steel International (New York), Inc.	J. T. MacKenzie
100 Church St., New York, N.Y. 10008	
United States Steel International, Ltd.	J. T. MacKenzie
100 Church St., New York, N.Y. 10008	
USS Engineers and Consultants, Inc.	J. D. Rollins
600 Grant Street, Pittsburgh, Pa. 15230	
U. S. Steel Finance Corporation	R. W. Hyde
71 Broadway, New York, N.Y. 10006	
U. S. Steel Leasing Co., Inc.	R. W. Hyde
71 Broadway, New York, N.Y. 10006	
Warrior & Gulf Navigation Company	M. S. Toon
P. O. Box 397, Chickasaw, Alabama 36611	

United States Steel Corporation

71 BROADWAY, NEW YORK, N.Y. 10006

"We're Involved" is the theme of our advertising communications program aimed at telling people about the depth and breadth of U. S. Steel's involvement in what's happening today and how our commitment of both people and material resources is contributing to the shaping of a better tomorrow.

Illustrated on the cover of this report are some of the many areas in which "We're Involved" . . .

- Oak Knoll Terrace, Gary, Indiana's newest residential community of moderate-income rental housing
- The unique University Events Stadium at Indiana University
- U. S. Steel's extensive raw materials exploration and development activities
- The advanced water quality control facilities at Texas Works
- The new chemical research building at our Monroeville Research Center
- Special training programs for members of disadvantaged groups

The "We're Involved" story is being told to plant communities and the general public through national magazines, local newspapers and television in selected metropolitan markets.

